



FVA Summary and Target Market Statement

Professional Indemnity

The purpose of this document is to explain our FVA findings, the identified target market and the expected distribution strategy for each insurance product manufactured by AXA XL. Specifically, it provides information on a product category level about the main features associated with each product and clarifies who our products are designed for and who they are not appropriate for. This target market statement also explains the way our products should be distributed and provides information around the complexity of our products and how to ensure that a product provides fair value to our customers as intended.

This document is for information purposes only and should not be used for any marketing or promotional use.



Product type

This is a commercial lines general insurance product, that is suitable for micro-enterprises, small to medium-sized businesses.

This Professional Indemnity product is designed for businesses that provide professional advice/services and covers claims arising from professional negligence, errors or omissions in advice, services or design, breach of duty or misrepresentation. It covers the legal costs of defending a claim.



What customer need is met by this product?

Businesses seeking the Professional Indemnity Insurance have similar needs and objectives, such as the need to protect their business against financial losses arising from potential legal costs and compensation if a client alleges negligence, error, omission in the services they have been provided with.

This is often a contractual or regulatory requirement to have in place and so businesses in this professional space will have the same need for the policy due to industry standards. The policy also meets the needs of the target market where the policy provides a sense of assurance that the business can survive a claim and there is business continuity.



Who is the product designed for?

This product is designed for businesses that provide professional advice/services including but not limited to accountants, excess layer solicitors, surveyors, architects, engineers, and miscellaneous professions.

There are versions of this product for slightly different sectors, these versions largely have the similar policy wording: Miscellaneous professionals, Design and Construct Professionals, Accountants, Technology & IT Professionals, Media, Marketing and Communication Professionals, Architects and Engineers, Insurance Brokers, Property Professionals and Excess Layer.

The Excess Layer Policy provides additional coverage limits that activates once the limit of the underlying primary policy is exhausted. Professional Indemnity insurance is often required by professional bodies or regulators, and it is crucial for any business that offers advice, knowledge or skill.



Who is the product not appropriate for?

This product is not designed for businesses domiciled outside of the UK nor is it suitable for businesses not providing professional advice/service. This product is not suitable for those firms not providing professional advice or services. It is not suitable for businesses providing manual services, selling or making physical products or those not operating in regulated professional environments.

A few examples of the types of businesses where this product is not suitable for is the following but not limited to - clothing shops, electronic stores, cleaners, furniture makers, restaurants, builders, charity shop etc.



Target market specific characteristics, including, customer vulnerability

Due to the impact of rising inflation and rising interest rates, customers may be under financial strain and may not be able to afford premiums on an ongoing basis.

Customers who may be experiencing characteristics of vulnerability due to either personal circumstances, ill health, financial issues, life events such as bereavement, and/or external factors such as economic instability may require adjustments and flexibility to benefit from the policy. All customers are at risk of becoming vulnerable at any time. AXA XL are committed to supporting additional needs from customers. If additional support is required or a customer has been identified as vulnerable, please contact us by visiting [AXA XL's Vulnerable Customers Guide & Contact Support](#)



Key value elements and exclusions

This product features and benefits vary depending on the exact product and target market. Example of features/cover include (please see policy wording for exact offering):

- Negligent acts, errors, omissions or breach of duty or other civil liability
- Employee dishonesty
- Unintentional libel and slander
- Unintentional breach of confidentiality
- Unintentional infringement of copyright, trademark, or patent
- Loss of documents or electronic data
- Defense costs for alleged offences under data protection laws
- Criminal prosecutions defense costs
- Indemnity to principal
- Payment of outstanding fees to mitigate a claim





Key value elements and exclusions (continued)

The policy wording and exclusion differ depending on the product and target market (please see policy wording for more information). Examples of exclusions include:

- Any Asbestos
- Bodily Injury to Employees, to others or damage to property
- Directors and officers
- Documents or data
- Employers' liability
- Fines and penalties
- Any dishonest or fraudulent act or omission
- Goods and services
- Insolvency or bankruptcy of the insured
- Joint venture
- Know claim or circumstance
- Land and vehicles
- Market fluctuation
- Nuclear war
- Pollution or contamination
- Property damage
- Related companies
- Radioactive contamination
- Terrorism
- Trading losses



How should this product be distributed?

This product is distributed via Lloyd's Brokers and through a small number of Coverholders.



What should distributors do to ensure the product provides fair value to the end customer?

To ensure the customer receives fair value for this product, care must be taken to ensure no duplicate cover exists or is caused by an add-on where that cover is already provided by the policy. Commission, fees, or charges passed onto the customer must be proportionate to the service provided and provide fair value.



How can the product be sold? Can it be sold without advice?

We would suggest that this product can be sold face to face or via an online system. This product can be sold with or without advice depending on your preference and in line with FCA's regulations.



Additional Product Literature

This document is intended to provide an indicative summary of the target market for this product and is not a summary of coverage. Please refer to separate policy documentation for full details of the coverage provided by the product.





How is value assessed?

AXA XL has an established product governance process to oversee the design, approval, and review of all our products in line with the requirements of the FCA's Product Intervention and Product Governance Sourcebook ('PROD').

New product developments and changes to existing products are taken through a formal product approval process which is designed to:

- Identify the target market and its needs.
- Consider and review the product's performance metrics, product complexities, sales, and service risks.
- Consider and review the policy fees, charges, remuneration in comparison to benefits offered.
- Review policy wordings and customer facing documentation to ensure it is clear, fair, and not misleading.
- Consider the needs of any vulnerable customers; and
- Monitor post-sales performance.

Once a new or amended product is introduced to the market, AXA XL will regularly review the product to see if any changes are needed and to make sure it remains suitable for customers in the identified target market.

If, as a distributor of AXA XL products, you consider one of our products may be failing to meet customers' needs or is potentially unclear you can help us by providing feedback through your usual point of contact at AXA XL.



Key Findings - 2025 Fair Value Assessment

AXA XL has conducted a comprehensive review of this product against specified metrics, considering whether the insurance product remains consistent with the needs of the identified target market and whether the intended distribution strategy remains appropriate.

The review has determined that this product continues to provide fair value in compliance with the FCA's Product Intervention and Product Governance Sourcebook (PROD). This product will therefore be monitored as per BAU and reviewed again in 12 months as per PROD 4.2.34 requirement to undertake regular product reviews.

In reaching the conclusion that this product continues to provide fair value, AXA XL has assessed various metrics including:

- Claims Repudiation Rate
- Claims Complaints as a % of Total Claims
- Policy Cancellation Frequency
- Gross Loss Ratio
- Total Acquisition Ratio

Our approach to this product review has utilised data and MI readily available to AXA XL to conduct a quantitative analysis. Additionally, we have also performed a qualitative review.

As a distributor, you may wish to consider metrics you hold in conjunction with this assessment. On conducting your own review, where issues are identified that are not identified within this review, please notify us so we can consider the impact on the product in our capacity as carrier.





Know You Can

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