



# Product Governance Review

Fair Value Assessment – Construction - Retail Contractors All Risks (CAR)

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## Fair Value Assessment – Product Overview

### Product Overview

Contractors All Risk (Retail) product provides physical damage cover that indemnifies the policy holder against perils during the course of construction e.g. fire. The key cover provided under this product is contract works, employees' tools and overall plant.

### Key Cover

This product is designed to cover damage to property during the course of:

- Self-renovation or Self Builders in the course of Building and Renovating
- Small Construction Developments
- Residential/Office Construction Projects

This review focused on the Retail line of business. A separate review has been completed for the Wholesale line of business. For the purpose of this review, open market is deemed out of scope as it serves contracts of large risks as per PROD 1.4.

See detailed Target Market Statement for detail on the range of customers the product is designed for as well as the groups of customers for whom the product is not appropriate and will not provide the intended value.

# Fair Value Assessment Outcome: Construction – Retail Contractors All Risks (CAR)

## Key findings

Year Fair Value Assessment Completed	2024
<p><b>Fair Value Assessment Outcome</b></p> <p>AXA XL has conducted a comprehensive review of this product against the 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.</p> <ul style="list-style-type: none"><li>• <b>Claims Repudiation Rate</b></li><li>• <b>Claims Complaints as a % of Total Claims</b></li><li>• <b>Policy Cancellation Frequency</b></li><li>• <b>Gross Loss Ratio</b></li><li>• <b>Total Acquisition Ratio</b></li></ul> <p>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.</p> <p>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.</p>	
<b>Other factors which may be relevant to distributors</b>	
n/a	

