



Product Governance Review

Fair Value Assessment – Angel Risk Management – Terrorism

Angel Risk Management – Terrorism

Product Overview

Angel offers an innovative way of covering customer's property against acts of terrorism whether their mortgage lender requires them to have the cover or they are just seeking peace of mind. Angel can provide terrorism insurance for commercial and/or residential property or property portfolios, high net worth, construction risks and contract works and can provide cover within the United Kingdom, Channel Islands, Isle of Man and Northern Ireland.

Key product information

• The product covers the following:

- 1. Damage:** Damage to insured's property
 - 2. Liability:** The insurers will pay on behalf of the customer, any sums they may legally be obliged to pay as compensations (i.e., interest, claimant's costs, fees and expenses), and defence costs, for any claim(s) first brought against them, and resulting from an occurrence taking place during the period of insurance and which causes: Bodily injury; or Damage
 - 3. Business Interruption:** The customer will be compensated for financial loss resulting from the interruption of or interference with their business resulting from an occurrence which causes damage, a Verified Threat, an action or advice of a civil or military authority, and an occurrence which causes denial of access to the customer's premises.
 - 4. Personal Accident:** Pay-out will be for Bodily Injury to an Insured Person whilst on the Premises or within the Vicinity of the Premises.
- This product is designed to provide a sustainable alternative to government backed Pool Re fixed price inflexible option.
 - Terrorism cover is frequently required to satisfy finance or lease requirements.

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

FVA Outcome: Angel Risk Management – Terrorism

Key findings

Date Fair Value assessment completed

2023

Fair Value Assessment Outcome:

The outcome of the review shows the product delivers value. 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. There is no action required from the distributors at this time.

A summary of why we concluded this product is delivering value is set out below:

- **Low cancellation frequency**
- **Nil claims repudiation rate**
- **Nil claims complaints as a % of total claims**

The Terrorism Product is a ‘peace of mind’ product which is unlikely to have any yearly claims, resulting in **Gross Loss Ratio (GLR)** of 0. For this product, a GLR of 0 does not indicate poor value for customers given the context of the product. Following analysis, there is no sign of value not being provided to customers. In addition, out of the five levels of terrorism threats in the UK, the current level is ‘substantial’ which suggests that an attack is likely. If an event does occur, ARM may be required to pay out claims, therefore charging premiums above competitors, but below Pool Re rates should ensure business sustainability.

Our approach to this product review has utilized data and MI readily available to AXA XL. 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

Other factors which may be relevant to distributors

n/a