



# Product Review Closure Document – Backpacker Travel Insurance

February 2026

## 1. Review objectives

AXA Partners conducts a full review of the Backpacker Travel Insurance product every 12 months as a minimum, to monitor and review the product continues to meet the demands & needs of our partners' customers or propose and progress adjustments if any findings indicate otherwise. The review also serves to ensure that distribution is appropriate, and the target market is reviewed and updated/communicated to partners, whilst also reviewing performance and proposing enhancements.

The objectives of our reviews are:

- To assess if products continue to remain compatible with needs, characteristics and objectives of the target market, or propose variations to the target market driven by customer feedback, regulatory or other change drivers;
- To identify factors and events that could materially impact product features and benefit delivery, as well as changes required to ensure appropriate customer value and that outcomes continue to be delivered;
- To monitor changes in customer outcomes and ensure products continue to fulfil their intended purposes;
- To monitor customer feedback and commentary from any source and identify corrective action required on any area including product, service delivery, claims, onboarding, partner journeys and more;
- To propose and progress corrective action if the target market needs are not being met;
- To review our standard documentation templates and determine their suitability or amend them in light of review findings;
- To monitor product value measures and assess that the metrics are consistently performing within the intended thresholds;
- To evidence and articulate decisions internally and to partners after internal reviews, working together to strengthen conduct and progress positive change for customers; and
- To manage conduct risk across all aforementioned areas, ensuring we identify any factors presenting risk to maintaining appropriate business conduct and take forward mitigating actions, escalation and controls.

## 2. Areas assessed

During the review, we have:

- Product overview and Target Market,
- Distribution arrangements,
- Cost and benefit analysis,
- Claims handling,
- Complaints.



### 3. The Review – Key details

We conducted a review in Q4 2025/Q1 2026, assessing 2024 data, and will now work on follow-up actions internally and finalise data analysis accordingly. The below summarises each aspect of our review and the key findings and actions:

Key Findings and Actions	
Product overview and Target Market	<ul style="list-style-type: none"> <li>✓ The product design aligns well with the needs and characteristics of the intended target market.</li> <li>✓ The product structure is flexible and transparent, with clearly tiered coverage levels and optional extras such as winter sports and add-ons such as gadget insurance, which are priced separately with no evidence of cross-subsidisation.</li> <li>✓ Vulnerable customers are considered throughout the customer journey, particularly at the point of claim, and established protocols and dedicated resources to support them are in place.</li> <li>✓ Customer communications and product documents (policy wording, IPID) are written in accessible language.</li> </ul> <p>! As of the date of this FVA review, the required information is unavailable to assess the impact of Add-On products on the fair value of the Travel Backpacker product therefore we have an action to complete or obtain the FVAs for the Add-ons (on a standalone basis) as well as to assess the impact those have on the core product.</p>
Distribution arrangements	<ul style="list-style-type: none"> <li>✓ The distribution arrangements for the Travel Backpacker Insurance product are well-aligned with its design and the characteristics of the target market.</li> <li>✓ No evidence was found to suggest that customers outside the intended market are being sold the product.</li> <li>✓ There is no indication that the distribution model causes customer harm or erodes product value. The strategy is considered appropriate for the product’s nature and objectives, with governance controls ensuring adherence to fair value principles.</li> </ul> <p>! Further investigate the commission and expenses of distributors to understand if there is a misalignment that needs addressing on a go forwards basis for existing and new products.</p>
Cost and benefit analysis	<ul style="list-style-type: none"> <li>✓ The product demonstrates a fair balance between the costs incurred and the benefits received by customers. Average retail premiums and % of premiums paid out in claims, demonstrate a substantial portion of customer contributions are returned through claims settlements.</li> <li>✓ The average claim payout (approximately 7 times the average premium) confirms that those who claim receive meaningful financial compensation.</li> <li>✓ AXA’s administrative expense is reasonable for the travel insurance sector. However, when considered alongside the distributor commission and claims paid out, AXA incurs a net loss.</li> <li>✓ The distributors made a profit per policy, which is considered reasonable in terms of fairness to customers, although it could indicate a misalignment of profit between AXA and distributors.</li> <li>✓ The claims acceptance rate is above the industry’s benchmark in the FCA’s fair value metrics data and indicates good customer outcomes.</li> </ul>



<b>Claims handling</b>	<ul style="list-style-type: none"><li>✓ Claims handling performance in 2024 was broadly in line with expectations. The average claim processing time was 40.10 days, which is reasonable overall given the complexity of travel claims and the need for supporting documentation.</li><li>✓ Although the Net Promoter Score of 7.7 is within our red threshold, it remains positive and does not suggest a fair value issue.</li> <li>! AXA will take action to increase the NPS score.</li><li>! There is limited data available to verify customer outcomes in relation to medical assistance cases. We will work to implement outcome-focussed metrics to assess the performance of medical assistance claims alongside a full review of our repatriation process to prevent any delays or communication issues.</li><li>! Investigate the 40-day cycle time and identify ways to reduce this.</li></ul>
<b>Complaints</b>	<ul style="list-style-type: none"><li>✓ The claims complaint rate was within our green threshold.</li><li>✓ FOS referral and uphold rates were moderate and within acceptable ranges, with no evidence suggesting recurring issues related to product design, coverage, or pricing.</li> <li>! We will conduct analysis and investigate complaints taking over 8 weeks to close.</li></ul>

#### 4. Next Review and Conclusions

Based on all the evidence and consideration, we concluded that the Travel Backpacker product was deemed to have offered fair value to customers, but this is at risk.

The **next full review** will take place within 6 months. However, we will continue to monitor key ratios and metrics quarterly and commence monitoring our performance against the value measures when published by the FCA. If there are any changes in these conditions, 'red flags' or regulatory changes, an interim review may be conducted before then.