

External Fair Value Assessment

Commercial Legal Expenses Insurance



Product Manufacturer	'ARAG Legal Expenses Insurance Company Ltd ('ARAG')
Date of assessment	December 2024
Due date of next assessment	December 2025
Is the product providing Fair Value?	Yes

Product Information

The Product Review and Fair Value Assessment confirms that the product provides fair value to customers and will continue to do so for the foreseeable future. The review concluded that the distribution strategy remains appropriate when considering target market and customer value.

Products will be reviewed at least every 12 months or more frequently if any concerns are highlighted. The product approval process is detailed in the Distributor Product Information document.

Distributor Product Information

ARAG provides Distributor Product Information on:

- Target market
- Roles and Responsibilities
- Types of customers for whom the product would be unsuitable
- Any notable exclusions where the product will not respond
- Other information which may be relevant to distributors

As a distributor we remind you of your responsibility in relation to the Fair Value of the ARAG products that you distribute. Examples of distributor influences on Fair Value include but are not limited to;

- Remuneration – high commission levels or fees may reduce the value of this product for the customer.

- Duplicate product sales – sales where the customer may have cover elsewhere and are therefore unable to fully utilise the ARAG product would negatively impact value.
- Sales to ineligible customers and sales to customers outside of the product target market would lead to poor value for those customers.
- Ensuring accurate product information and promotion will aid customers’ understanding of the product benefits and lead to better awareness and in turn more customers utilising the product. This should be considered both through the sales journey and in any marketing literature and “How to claim” online pages and guides. ARAG provides both training and marketing support material to enable distributors to maximise customer understanding.
- Facilitation of customer marketing communications on legal risk management and legal processes (e.g., prospects of success) is recommended. Legal Advice should be featured prominently as an effective tool in this respect.
- Providing customer data to ARAG to facilitate cover validation can enhance the service provision and ensure customers are receiving maximum value from the product as soon as possible.

Fair Value Assessment

In accordance with the FCA PROD 4.2 a customer Fair Value Assessment has been undertaken for Commercial LEI.

The intended product value is to enable customer’s access to legal advice and solicitor services in a convenient and cost-effective way. Our Fair Value Assessment and Product Review are then designed to ensure that this value statement remains true.

- Average cost
- Claims accepted
- Claims declined
- Complaints
- Call quality
- NPS
- Operational SLAs
- Helpline frequencies
- Business Law utilisation
- Gross claims frequency
- COR
- Commission
- Sales outside of eligibility

Our analysis of this data confirmed the product provides fair value for customers and metrics were within the tolerances set.