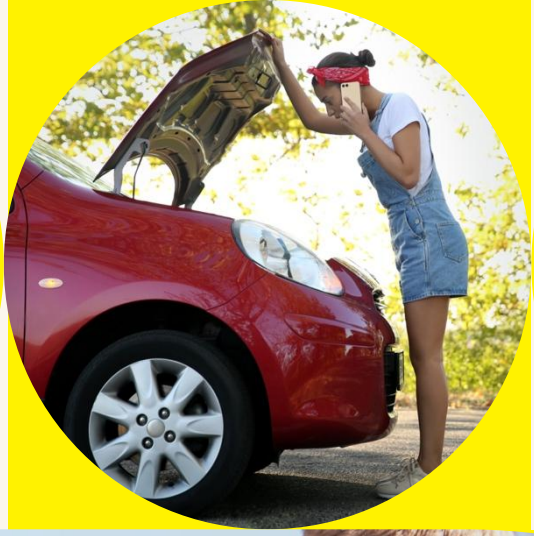
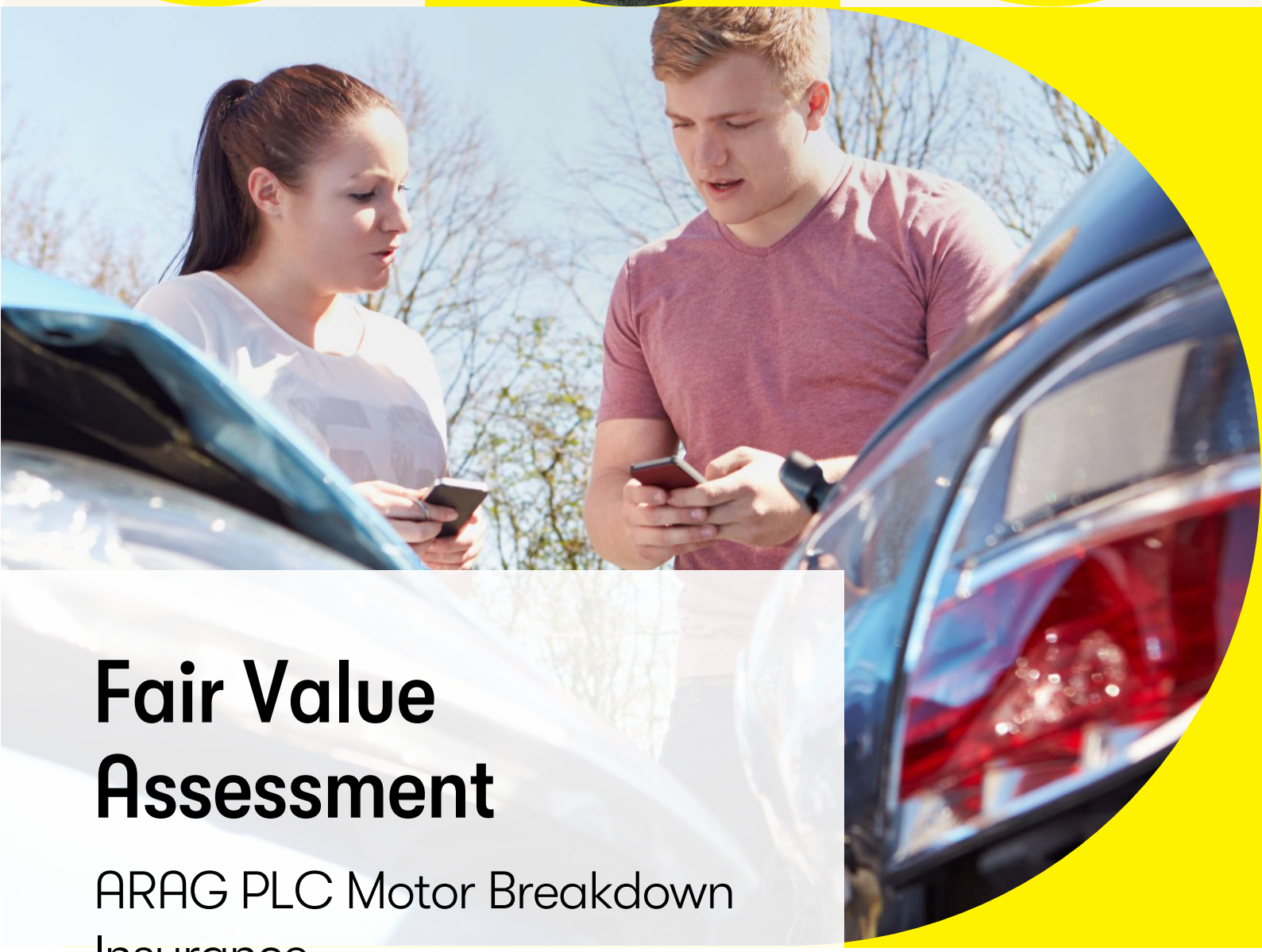




Fair Value Assessment

ARAG PLC Motor Breakdown Insurance

Product Manufacturer	'ARAG Legal Expenses Insurance Company Ltd ('ARAG')'
Date of assessment	October 2026
Due date of next assessment	October 2027
Is the product providing Fair Value?	Yes

Fair Value Assessment

Motor Breakdown Insurance

Distributor Product Information

ARAG provides Distributor Product Information on:

- Who can buy this product
- Roles and Responsibilities
- Target market
- 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

Please review your Distributor Product Information for the target market statement specific to your distribution arrangements.

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.

Product Approval Process

Products will be reviewed at least every 12 months or more frequently if any concerns are highlighted. We have the following areas of accountability:

The Product Governance Team provide product oversight and are responsible for Product Reviews and Fair Value Assessments.

Technical and Trading Underwriting conduct technical performance reviews which form part of the ARAG Product level review.

The Product Governance Forum provides approval and oversight for new products, product development and ongoing approval of existing products via the Product Review Process.

Product *oversight* and *annual reviews* assure us of *good customer outcomes*.



Fair Value Assessment

Motor Breakdown Insurance

Fair Value Assessment and Customer Outcome Monitoring

In accordance with the FCA PROD 4.2 a customer Fair Value Assessment has been undertaken for Motor Breakdown insurance. The intended product value is to enable customers to access breakdown services in the event of a breakdown of their vehicle, providing these in a time efficient and cost-effective way.

Our Fair Value Assessment and Product Review are then designed to ensure that this value statement remains true. The FVA and Product Review ensure both qualitative and quantitative analysis form part of our value assessment with data thresholds reviewed annually.

The following data items were assessed:

- Sales outside of eligibility
- Claims accepted, claims declined and gross claims frequency
- Average cost, percentage of premium paid out in claims and commission
- Complaints
- Operational metrics

Products & Services Outcome

We checked that the product is designed to meet the demands and needs of the target market in accordance with our target market statements.

The review concluded that the distribution strategy remains appropriate.

Gross claims frequency shows appropriate usage within the target market.

Price & Value Outcome

We checked that the price the customer pays is proportionate to the value they receive.

Our analysis confirmed the product provides fair value for customers and will continue to do so for the foreseeable future.

Commission levels are within tolerance showing fair value in the distribution chain.

Customer Understanding Outcome

We checked that we communicate with customers in a way that allows them to understand their product, next steps and make informed decisions at suitable points throughout the lifecycle of the product.

Operational metrics reflect that overall; customers receive a good level of service.

High acceptance rates indicate that customers understand our product.

Customer Support Outcome

We checked that we provide accessible and timely support appropriate to individual needs (including customers with characteristics of vulnerability).

Complaints levels remained within tolerance, demonstrating that customers are satisfied with the support they receive

There was no evidence of poor outcomes in relation to vulnerable customers.

It's important to note that due to the size and scale of our business and product range, our FVAs have been completed at a product level; this has involved a review of the performance of all distribution within the product class.

Does our Motor Breakdown insurance product provide fair value? *Yes*

Ensuring fair value and customer satisfaction through *reviews, data analysis, and continuous improvement efforts.*





Fair Value Assessment

ARAG PLC
Motor
Breakdown
Insurance