Fair Value Assessment

ARAG LEI Civil Litigation
After the Event Legal Costs Insurance

Product Manufacturer	'ARAG Legal Expenses Insurance Company Ltd ('ARAG')'
Date of assessment	August 2025
Due date of next assessment	August 2026
Is the product providing Fair Value?	Yes

Fair Value Assessment

Civil Litigation After the Event Legal Costs Insurance

Product Information

Target Market

Civil Litigation After the Event legal costs insurance is targeted at consumers and commercial customers living in England and Wales who have a civil litigation case and are looking to protect themselves against certain costs associated with litigation. Claimants must have prospects of winning the legal action of at least 60% at the point a policy is taken out up to issuing court proceedings and a minimum of 51% throughout the course of the legal action.

Types of customers for whom the product would be unsuitable:

- Consumers or commercial customers in Scotland or Northern Ireland
- Consumers or commercial customers looking to protect themselves against costs associated with clinical negligence or personal injury litigation
- Consumers who have the benefit of cover under an existing legal expenses insurance policy or through a trade union.

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

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

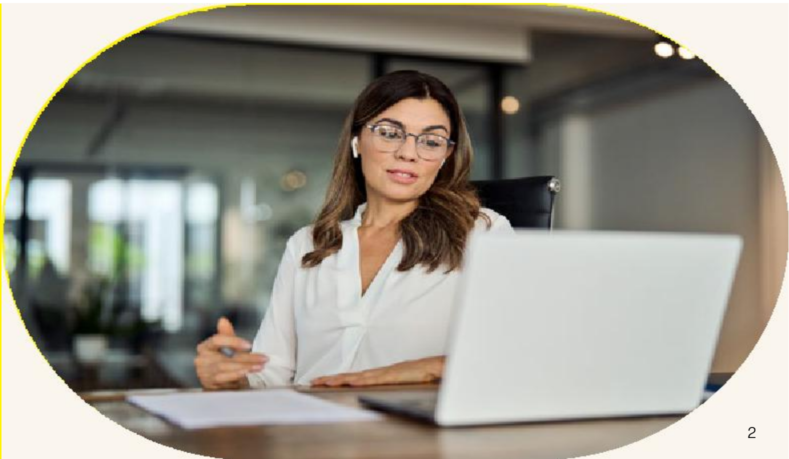
Product Approval Process

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
- ATE 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*.



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Civil Litigation After the Event Legal Costs 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 Civil Litigation After the Event (ATE) Legal Costs Insurance.

The intended product value is to enable customers access to legal advice and solicitor services in a convenient and cost-effective way, where the customer did not purchase insurance for the situation before it arose. 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
- Performance, costs, and claims
- Pricing, ultimate loss ratio (ULR) and commission
- Servicing including complaints

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.
- Customers are using the product in line with expectations.

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.

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.

- Quality assurance and operational metrics indicate the overall standard of customer service delivered and the clarity of our customer communications is good.

Customer Support Outcome

We checked that we provide accessible and timely support appropriate to individual needs (including customers with characteristics of vulnerability) enabling them to achieve closure or resolution of their dispute and meet their financial objectives.

- No complaints were received during the review period 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 Civil Litigation ATE product provide fair value? *Yes*

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

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Insurance