



Fair Value Assessment

ARAG LEI Landlord Property Let
Legal Expenses Insurance

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

Fair Value Assessment

ARAG LEI Property Let Legal Expenses Insurance

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Product Information

Target market

Property Let Legal Expenses Insurance is suitable for residential property owners who let one or more residential properties to tenants in the UK, and wish to have access to legal advice and protection for themselves from the cost of unforeseen legal issues related to legal problems of a specific type covered by the policy. Landlords currently fall outside of the definition of 'consumer'.

The customer may be a private individual or a limited company. The product is designed to be sold on a "per lettable unit" basis and is therefore best suited to smaller portfolio landlords.

Types of customer for whom the product would be unsuitable

- Personal customers – this product is designed only for customers who rent out properties in addition to their own home. It does not provide cover for the customer's own home or family.
- Large portfolios and businesses – this product is designed only for accidental landlords and individuals with a small number of let properties.
- Letting Agents – this product is not designed for a letting agent to cover their liability to their client.

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.

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 (FVA).

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 reviews *monitor fair value* with oversight and *annual reviews* to assure ourselves of *good customer outcomes*.



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Fair Value Assessment and Customer Outcome Monitoring

In accordance with the FCA PROD 4.2 a customer Fair Value Assessment has been undertaken for Property Let Legal Expenses Insurance. The intended product value is to enable the landlord to offset the risk of the legal costs they would incur should they enter into a dispute with their tenant or a supplier they have used for the let residential property they have insured. The product can be extended to include the rent arrears that arise during this dispute. Our Fair Value Assessment, market research and Product review are all 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, combined operating ratio (COR) and commission
- Legal advice, business law and helpline usage
- Servicing, satisfaction and complaints

Outcome 1 - Products & Services

- The review concluded that the distribution strategy remains appropriate when considering target market and customer value.
- Acceptance rates remain stable, indicating a good alignment to the needs of the target market.

Outcome 2 - Price & Value

- Our analysis confirmed the product provides fair value for customers
- Legal advice and business law utilisation are rated as green, helping customers resolve their legal issues before they escalate into claims or litigation.

Outcome 3 - Customer Understanding

An operational action plan has been introduced and is actively progressing to improve various stages of the customer claims process.

Our Propositions team has carried out research and workshops to gain a deeper understanding into the needs and expectations of the target market. Insights from this stage will directly inform how we can improve the product and support good customer outcomes, with a focus on clarity, accessibility, and enabling landlords to make informed decisions with confidence.

Outcome 4 - Customer Support

Complaints remain a key operational focus. We have introduced a plan that aims to enhance our ability to manage and resolve customer complaints effectively. With a focus on continuous improvement and complaint reduction, we have implemented several initiatives designed to address key areas of concern and continuously improve customer satisfaction.

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.

It's important to note that due to the size and scale of our business and product range our FVA's have been completed at a product level; this has involved a review of the performance of all distribution within the product class, which is bound by our Target Market definition.

Does our Landlord Property Let LEI product provide fair value? *Yes*

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





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