



Fair Value Assessment

ARAG LEI Family Legal Expenses Insurance High Net Worth

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

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Product Information

Target market

The target market for this product is High Net Worth and Mid Net Worth household insurance customers, who 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. We expect that these customers, due to their more affluent lifestyles may face additional risks and require more tailored levels of service to meet their insurance needs.

Types of customers for whom the product would be unsuitable

Business customers – this product is designed only for personal customers who rent or own their own home. Mass market personal lines customers - the product is designed for high net worth customers who are also more likely to have different cover needs. It is not intended for large volume distribution alongside standard household insurance.

Landlords – this product is only designed for personal customers who rent or own their own home.

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
- 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.



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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 Family Legal Expenses Insurance (LEI) High Net Worth (HNW). The intended product value is to enable customers 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. 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:

- Claims accepted, claims declined and gross claims frequency
- Average cost, combined operating ratio, and commission
- Legal advice, household law and helpline utilisation
- Sales outside of eligibility, servicing, call quality, customer satisfaction and 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. Claims acceptance rates are good, showing that customers are utilising the product, and when they do it meets their demands and needs. Household law and legal advice utilisation remains above tolerances showing that the products additional benefits are meeting the needs of 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.

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.

Claims declinature rates indicate that customers generally understand the products features and benefits.

Customer Support Outcome

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

Operational performance metrics demonstrate that customers receive a satisfactory level of service, with both claims service and legal advice customer satisfaction results within thresholds.

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 Family LEI HNW product provide fair value? *Yes*

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





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ARAG LEI Family
Legal Expenses
Insurance HNW