

Fair Value Assessment

Cycle Legal Expenses Insurance

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

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Product Information

Target market

Cycle Legal Expenses is designed for cyclists who are based in the United Kingdom.

Types of customer for whom the product would be unsuitable

Cycle Legal Expenses is not suitable for:

- Cyclists riding outside United Kingdom, Channel Islands, Isle of Man, Norway, Switzerland and countries in the European Union.
- Cyclists looking for legal expenses cover in incidents where they are at fault.

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.

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 Cycle Legal Expenses. The intended product value is designed to cover legal costs for claims against the driver or party responsible for an accident involving the insured and their cycle. This policy aims to help the insured get compensation for injuries and associated losses.

The policy includes access to a legal advice helpline, providing the insured with expert legal advice on matters related to their claim.

Our Fair Value Assessment and Product review are designed to ensure that this value statement remains true and will continue to do so for the foreseeable future. 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 % premium paid out in claims.
- Average cost and commission.
- Servicing, 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.
- Gross claims frequency and claims acceptance rates are within tolerance, showing that customers are utilising the product, and when they do it meets their demands and needs.
- We identified a need to further improve our supply chain MI, to further understand customer usage and monitor their outcomes.

Price and 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.

- Low complaints and high acceptance rates evidence that customers understand our product.

Outcome 4 - Customer Support

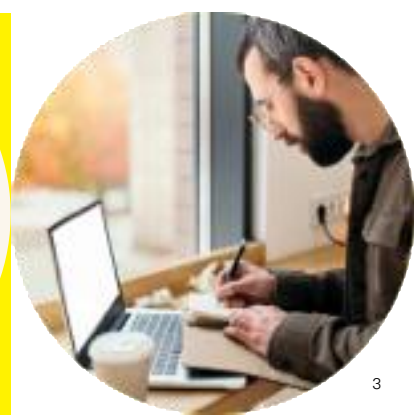
We checked that we provide accessible and timely support appropriate to individual needs (including customers with characteristics of vulnerability) enabling them to achieve closure or resolution of their dispute and meet their financial objectives.

- Low complaints demonstrate 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 FVA's have been completed at a product level; this has involved a review of the performance of all distribution within the product class.

Does our Cycle LEI product provide fair value? *Yes*

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





Fair Value Assessment

ARAG Cycle LEI