

# External Fair Value Assessment

ARAG LEI Personal Cyber Insurance



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

## Product Information

The Product Review and Fair Value Assessment confirms that the product no longer provides fair value to customers. It is therefore ARAG's plan to remove this product from sale and allow customers to run off until their next renewal.

ARAG will work with distribution partner to confirm exit plans.

## 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

### Distributor Value Impacts:

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.
- Facilitation of customer marketing communications on cyber risk management and legal processes (e.g., prospects of success) is recommended.
- Providing customer data to ARAG to facilitate cover validation can enhance the service provision and ensure customers are receiving maximum value from the product as soon as possible.

#### Fair Value Assessment

In accordance with the FCA PROD 4.2 a customer Fair Value Assessment has been undertaken for Cyber insurance.

#### **Intended Product Value Statement**

The intended product value of Cyber insurance is to enable customer's access to a specialist support in Cyber related legal matters providing these in a convenient and cost-effective way when the customer experiences a cyber related event. Our Fair Value Assessment and Product Review are designed to ensure that this value statement remains true.

The assessment of fair value included the review of the following data items:

- Average cost
- Claims accepted
- Claims declined
- Complaints
- Operational service levels
- Gross claims frequency
- Combined Operating Ratio
- Commission
- Sales outside of eligibility

Our analysis of this data confirmed the product provides fair value for customers and metrics were within the tolerances set.