

Ageas COMMERCIAL VEHICLE

Value Statement

This document is created for advisers and distributors to provide a summary of our annual Fair Value Assessment, and the outcome of that review.

Fair Value Assessments are conducted using a number of metrics to determine value; including loss ratios, claims and complaints frequency. Ageas's intent is for this document to meet the requirements under the FCA PROD rules.

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The Ageas Commercial Vehicle (CV) product is predominantly distributed online and also via a call centre. The product is sold via many different brokers. Ageas Commercial Vehicle is a core Ageas product where Ageas controls the policy wording. Ageas acts as the manufacturer of the commercial van insurance but does not provide any add-ons which are sourced separately by the brokers.

The customer profile (target market) for this scheme/product is mass market customers aged 22-79 looking for insurance for privately owned van valued up to £40,000 comprehensive cover or £7,500 third party fire and theft cover. There is no indication that the product is being sold outside the target market.

Ageas Commercial Vehicle is offered to customers both on annual payments and monthly via a Premium Finance facility. However, Ageas is not the Lender for the Premium Finance, with this being managed by the distributor. The APR charged by the Premium Finance is managed between the broker and Premium Finance provider and whilst Ageas is not responsible, for those customers that receive an APR greater than 30%, a reminder is given to the broker on ensuring that the product offers value to customers, and their responsibility to ensure that this is assessed and any appropriate actions taken, has been provided.

There are no indications that the product or sales journey were not meeting the expectations of customers, or potentially driving the wrong sales behaviours. The cancellations were within expected range, which is a good indication that customers are retaining the policy post the cooling off period, and that it is meeting their needs.

The loss ratio, claims frequency, claims repudiation, and claims acceptance strongly evidence that the policy is serving customers well when they want to claim. This is coupled with a low level of complaints, also a positive. From reviewing claims data there is no indicator that the claims journey or process is not providing value, and raises no concerns.

The average premium that customers pay is £433.74 with an average claim pay out of £3,159.49. For those customers that need to utilise the benefits of the product, the premium is good value,

as it will take seven years to recoup to the amount of an average claim pay out vs average premium, and average tenure is only two years on Ageas Motor/Household products.

As detailed above the product is distributed by a variety of brokers who add a commission to make up the street price, and charge fees. The range of commission taken by the Broker is 0-12.5% with an average of 2.30%.

The core product, with the overall level of remuneration (includes fees, commission) being taken is rated Green, within tolerance. Given the average premium, claims experience, and remuneration, the product offers value, as the customer is not being charged more for the product than the benefits being derived, and the COR is evidencing that no excessive profit is being made. Whilst the fees for the core product are very low, it is very likely that brokers carry their own fees. Ageas works closely with the brokers to ascertain that this can be appropriately justified, and not excessive.

Overall, customers are receiving good outcomes in relation to being able to utilise the product at point of claim, as evidenced by the metrics mentioned. The distribution chain is not complex, and the costs versus insurance product commission is not excessive, to the point that the customer is paying an overinflated price. The premium finance APR, whilst Ageas is not responsible, should offer value and the brokers have been reminded that they need to ensure this is the case.

Based on the information above the product demonstrates fair value. Ageas are comfortable for this product to continue to be distributed for the next 12 months.