

OPTIMA L

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

The customer profile (target market) for this scheme is customers aged between 17 and 30 years old, who hold a provisional licence and are looking to insure a vehicle on a comprehensive basis. The product acts as a "top-up" cover with the vehicle requiring separate annual comprehensive insurance and cover term can be between one and six months. There is an indication that there is a moderate level of vulnerability as indicated by the Ageas internal Vulnerability Score. Whilst the score is moderate, there may well be additional vulnerability related to financial resilience (which would be managed by the broker). There is no indication that the product is being sold outside the target market.

Optima L 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.

Based on the full review, there are no indications that the product or sales journey were not meeting the expectations of customers. Policy count is reduced on this product. The drivers include the sale of two agents who traded Optima L, resulting in a reduction in policy count, this will be reviewed to ensure that the product continues to offer value.

The cancellation frequency is low and does not indicate a concern with the product or cover.

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 0-50% with an average of 0.34%.

The combined operating ratio for the scheme for is currently below strategic targets and will continue to be monitored to ensure the product is not making excessive profits and offers good value to customers.

The core product, with the overall level of remuneration (includes fees, commission) being taken is rated Green, within tolerance. Given the average premium and remuneration, the product offers value, as the customer is not being charged more for the product than the benefits being derived.

Whilst the fees for the core product vary across broker, Ageas works closely with the brokers to ascertain that this can be appropriately justified, and not excessive. A reminder is provided to brokers to ensure that fees charged are appropriate for the services offered. The distribution chain is fair and not complex. 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. Due to low policy numbers this will continue to be reviewed.