

OPTIMA TUITION

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 Tuition scheme can be distributed face-to-face or over the phone via intermediaries. The product is sold via few brokers. Optima Tuition 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. There is no indication the product is being sold outside of the target market.

Products and services

During the reporting period, strategic adjustments to the Optima Tuition product successfully increased policy count and reduced claim frequency, addressing claims inflation and improving overall scheme performance. Key partnerships further boosted sales volumes. The distribution approach for Optima Tuition scheme ensures fair value and positive outcomes for customers, with a straightforward approach and a commitment to third-party monitoring.

Consumer support

The scheme experienced a strong retention rate indicating customer satisfaction and a positive coverage experience resulting in customers opting to renew their policy. The product experienced a low number of complaints with no trends to constitute a theme or concern with the claims/service journeys. None of these complaints were escalated to the Financial Ombudsman Service (FOS), demonstrating effective in-house complaint resolution.

Price and value

The average claim payout vs premium paid demonstrates good value for customers. The average claim pay-out vs the average premium paid, indicates that it would take a customer three years to recoup the loss of an average claim. The strong combined operating ratio during the reporting period is a positive indicator that the scheme is providing fair value. The total pre-policy remuneration, considering commission, premium, and fees, remains within tolerance and does not strike cause for concern.

Consumer understanding

Claims frequency and acceptance rates are high, showing that customers are utilising the product effectively. The average claim settlement time remains unchanged from the position in the prior reporting period and is within acceptable limits, ensuring timely support for customers. While the walkaway percentage is above the desired tolerance for the reporting period, it is crucial to note that 80% of all walkaways were due to the Third Party being at fault, thus the Third Party dealt with the claim. This does not detract from the value offered by the scheme to its customers looking to claim against their policy, which is supported by a strong claims acceptance rate and very low rejection rate. It is however recommended that Ageas continue to monitor walkaway rates associated with the scheme to ensure that no material concerns emerge.

Cohort analysis

Furthermore, cohort analysis, including monitoring of customer vulnerability, tenure, age, and claim type, has also been completed. No concerns have been identified, and value is delivered consistently across all customer groups. The fair value assessment for Optima Tuition is aligned to the four Consumer Duty outcomes and confirms that the product continues to deliver value for a reasonably foreseeable period.

Summary

Overall, customers are receiving good outcomes at the point of claim, supported by strong utilisation and acceptance metrics. Based on the information above, the product continues to demonstrate fair value and is suitable for ongoing distribution over the next 12 months.