This document is for insurance intermediaries/brokers only and must not be provided to customers.

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, including broker activations successfully increased policy count and reduced claim frequency to a more sustainable level, 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 seeking driving instruction coverage, with a straightforward approach and governance highlighting a commitment to third-party monitoring. The scheme experienced a low cancellation rate and strong retention rate indicating customer satisfaction and a positive coverage experience.

Consumer support

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 3 years to recoup the loss of an average claim. While the product experienced a significant increase in policy sales, the scheme also experienced a significant increase in total claim pay-outs highlighting the value-add for customers who experience a claim. The combined operating ratio (COR) whilst below desired tolerance, is driven by the absence of large claims and is not an indicator of excessive profits. Fair value is evidenced by the strong claims acceptance rates, low repudiation rates and average claim pay-out to average premium paid calculations, over multiple reporting cycles. Furthermore, the total pre-policy remuneration, considering commission, premium, and fees, remains within tolerance and does not strike cause for concern.

Consumer understanding

Claims frequency observed a slight reduction, in line with strategic intent, however, continues to report strong, showing that customers are utilising the product in the event of a claim. The schemes claim acceptance rate is also high showing that customers understand the perils insured. The average claim settlement time has observed a slight reduction against the position in the prior reporting period and remains within acceptable limits, ensuring timely support for customers. The walkaway percentage has reduced to within tolerance for the reporting period, which is positive and further supports the view that customers understand the product purchased and can utilise it effectively. Consumer understanding remains strong for the scheme and is supported by a strong claims acceptance rate and very low rejection rate.

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.