

OPTIMA PLUS

Target market

This document is created for advisers and distributors to give information in relation to the target market and distribution arrangements for the product. It is intended to provide guidance on the appropriateness of the product for certain customers, what they can take from it, and detail those for whom it would not provide good outcomes. Ageas's intent is for this document to meet the requirements under the FCA PROD rules.

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1 Our intended customer(s)

Who they are (i.e. their characteristics):

- They are between the ages of 30 and 75, have the use of more than one vehicle and require annual mileage of 9,000 or less.
- They have a privately owned 'prestige' car valued up to £250,000 and require Comprehensive Cover only.
- They have been a resident of the UK, NI or Channel Islands for at least five years and have held a Full UK/EEA licence for a minimum of five years.
- They must not have had any more than two previous fault or theft claims in the preceding three-year period, or more than three unspent motoring convictions.
- They must be able to meet the affordability thresholds in place. (i.e. they can afford to pay the annual or monthly premiums for the full 12 months).

Why they are buying insurance (in order of importance):

1. It is a legal requirement in order to drive their car.
2. To avoid costs if the vehicle is damaged.
3. To avoid liability if others are injured; and
4. To cover against theft of the vehicle.

What they want from it:

- Sufficient cover to meet RTA requirements whenever they use the vehicle. This will likely be for Social, Domestic and Pleasure use (including commuting to a place of work) for themselves and named drivers. They could also want business use, as options are available at an additional cost.
- They would like Comprehensive cover, in order to protect against loss or damage to their vehicle (and having to otherwise bear the cost of repairs/replacement).
- A balance between price and cover.
- An easy and supportive claims journey.

② What the product offers the customer

Features:

- Optima Plus fulfils the legal requirements of insurance, and holding a policy will meet the requirements of the RTA.
- Optima Plus offers Comprehensive cover for the standard perils of accidental damage, malicious damage, fire, and theft. It also covers damage and injury to a third party (above the level required by the RTA) if the driver is found to be at fault.
- Some other items are also included, for example cover for windscreen damage, replacement locks, personal effects and driving abroad for up to 90 days (with the potential to purchase an additional 90 days).
- Optima Plus can be used for Social, Domestic and Pleasure (including commuting to a place of work) for the policyholder and named drivers. Class 1 is an option and is available at an additional cost.
- No Claims Discount (NCD) can be used and earned on Optima Plus, with the option to protect NCD if certain criteria are met.
- Policies cover a period of one year, and customers may renew their motor insurance policy if certain criteria is met.
- Mid-term changes to the policy are permissible if acceptance criteria is met. This accommodates changes in address, changes to the vehicle or changes to the named drivers on the policy. Additional premium and fees may apply.

What is our sales pitch to customers (i.e. why us?)

Optima Plus is a niche car insurance product that offers Comprehensive cover to meet the needs of those that want to protect their 'prestige' car against the standard insurance perils. It balances offering the cover customers want day-to-day, with the need to offer competitive prices. It is backed up by award winning customer and claims services. For example, Ageas won 'Claims Service Solution of the Year - General' at the Insurance Times Claims Excellence Awards 2022, for its Green Parts Programme, and has been recognised by the ICS for our excellent level of customer service.

③ How the product can be distributed to customers?

- Optima Plus can be sold through Software Houses (including via aggregators and brand websites), face-to-face, via telephone or postal application.
- This product can be sold with or without advice depending on your preference and in line with FCA regulations.

④ Groups of customers to be aware of and monitor to ensure good outcomes:

- Customers with a low value vehicle, typically <£25,000. A combination of excesses (either compulsory or voluntarily chosen) may mean we are unable to offer a repair or provide a settlement as the excess exceeds the value of the vehicle. Policy value would need to be justified via other means.
- Those who have had claims, but have chosen not to use the Ageas approved repairer network. An additional excess applies here, and due to the desired outcome of 'low excesses', this may lead to reduced value for these customers. Policy value would need to be justified via other means.
- Customers who already have plans to replace the insured vehicle with another. The additional cost of insuring the newly purchased vehicle may exceed the customer's expectation, OR we may be unable to offer cover for the replacement vehicle and Ageas will cancel the policy.
- Long tenure (4+ years) customers, ensuring their objectives and desired outcomes are still met by the product.
- Vulnerable customers, ensuring their circumstances don't lead to a lower level of value.

⑤ Customers to whom we should not be selling this product

- Drivers aged under 30 or over 75. These customers may be better suited to specialist policies offered within the market.
- Drivers who only require Third party, Fire and Theft cover, or Third Party Only cover. This is not available on Optima Plus, and these customers would be better suited looking for specific products that cover these items only.

- Drivers of cars valued at more than £250,000. These customers may be better suited to specialist high-value vehicle policies offered within the market.
- Drivers who require short term cover of less than 12 months. These customers may be better suited to specialist short-term policies offered within the market.
- Customers who wish to add driver(s) that fall outside our acceptable age range. Younger drivers, for example, customers may be better suited to specialist telematics policies offered within the market.
- Drivers with more than three unspent motoring convictions, or more than two previous accidents and/or theft claims in the preceding three-year period. These customers may be better suited to specialist 'distressed driver' policies offered within the market.
- Customers who intend to rent out their vehicle to another party or intend to use the vehicle for other hire purposes, such as a taxi or Uber vehicle. These customers may be better suited to specialist hire and reward policies offered within the market.

6 Behaviours/practices on this product that could cause harm

- As price is a key objective for this product, indicators that this is too high for the benefit provided would suggest customer harm. For example, a GLR below 30%, or a commission over 30%, would be a trigger.