

Fair Value Assessment (FVA) – Commercial Property Owners’ Legal Solutions

Product Development



Product names	Commercial Property Owners’ Legal Solutions
References	CPOLSPW.08-22HDI.Digital CPOLSPW.08-22HDI
Reviewer	Abi Green
Date Fair Value Assessment was completed	01/05/2023
Product	Existing product
What type is the proposal	Annual review of existing product

Summary

This product has been subject to ARAG’s FVA process and has been reviewed and signed off by ARAG’s Underwriting & Claims Committee as representing fair value to customers. This is in light of a review of the following MI:

- Claims and complaints volumes, including FOS referrals
- Declinature rates
- Any impact on vulnerable customers
- Wordings review
- Any developments likely to impact the product in the next 12 months.

1. Product Design

1.1 Target Demographic

Who is the target demographic and is the proposition aligned to the identified demographic?

- Commercial Property Owners' Legal Solutions is designed for property which is located in the United Kingdom and for residential or commercial let property owners located in the United Kingdom, Channel Islands or the Isle of Man.

1.2 Customer Vulnerability

What is the potential for customer vulnerability within the target demographic and how can the product or process be flexed to meet their needs?

- Customer vulnerability is considered pre-inception as a part of product development. No issues have been identified that would change this.
- The product has been aimed at businesses, customer vulnerability therefore needs to be considered at service delivery level, rather than product development.

1.3 Market Research

Provide the research that has been completed and explain how it demonstrates the customer need for this product?

- This is an existing product which has been designed around the demands and needs of the target market segment.
- Whether it continues to meet these demands can be evidenced by performance metrics and claims data.

1.4 How is the Product Fair and Reasonable

How have we ensured the product is fair and reasonable? Is the product literature correct/clear fair and not misleading?

Literature is fair, clear and not misleading.

ARAG operate a robust sign off process for all new products and material product changes. Refer to the Product Oversight and Governance Policy:



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1.5 Customer Needs and Demands Expectations

Give consideration to any scenario that could affect customer needs and expectations. How will this be managed and customer need expectations maintained?

- Catastrophe risk is minimal.
- ARAG have a business continuity plan in place in case of any disruptive incidents whereby we can continue our usual operations successfully.
- The pandemic has highlighted the need for legal protection.

1.6 Key Features

What are the key features of the product and why are you comfortable they are appropriate for the proposed customer base?

We are comfortable that the key features reflect the demands and needs of our target market. Please refer to our Point of Sale document:



Comm Property
CPOLSPOS 01-21.pdf

1.7 Exclusions

What are the exclusions, are there any deferred periods and how have you deemed them to be appropriate for the customer base?

We have reviewed the exclusions and we have not identified any cause for concern. Please refer to our Point of Sale document



Comm Property
CPOLSPOS 01-21.pdf

1.8 Commissions and Fees

Are commissions and fees all appropriate and justified?

Commission rates and fees (a) are set by the product distributor, and (b) must be within the limitations set out in ARAG plc's binder with the product distributor.

At product level, average commissions and fees for distributors are at a level considered be fair and reasonable.

ARAG plc will monitor commission rates and fees on an ongoing basis, at both distributor and product level, to ensure products continue to offer Fair Value.

1.9 Core Policy Documents

Have all core policy documents been created, and reviewed and approved by all the relevant parties?

All core policy documents have been created and reviewed by Product Development and then approved by all the relevant parties. Refer to the Product Oversight and Governance Policy:



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governance_11.21 (

2. Sales Process

2.1 Marketing

How will the product be marketed and is there scope for the marketing go outside the target market?

Products are marketed on a business-to-business basis (B2B), marketing material is therefore aimed at the correct customer base for the products. The distribution of our products is down to intermediaries. No issues or concerns have been identified as part of our review.

2.2 Distribution

How is the product sold and is the process appropriate for the target market?

- Sold through an insurance intermediary as an add-on to or included within, commercial property owner insurance.

Intermediaries must act with the customers best interests in mind, they will work with customers throughout the new business and renewal process to ensure that their needs have been taken into account.

2.3 Process Controls

How is the process controlled?

- Broker training.
- Audits.
- We collate feedback from the Sales and Claims teams and the FOS, and make changes where required.

3. Claims Process

3.1 Fairness

Is the claims process fair and does it present any barriers to claiming?

Having reviewed the data relating to the claims process, in our opinion:

- we consider the process to be fair, and
- there are no obvious barriers to claiming.

4. Complaints

4.1 Fairness

Is the complaints process fair and does it present any barriers to complaining?

Having reviewed the data relating to the complaints process, in our opinion:

- we consider the process to be fair, and
- there are no obvious barriers to lodging a complaint.

5. Additional Notes and Comments

Any notable global and national news from the last 12 months which will have an impact on the products.

- Cost of living crisis and inflation impacting actual value of product.
- Affordability of rent is an issue due to the cost of living crisis and reduced rental properties in the market.
- The Renting Homes (Wales) Act 2016 was introduced from 15th July 2022.
- The Renters' Reform Bill - Tenants will be protected through the abolition of 'no fault' evictions and a new Ombudsman for private landlords will allow disputes to be resolved more easily without going to court. Implementation is still awaited.
- Tail end of Brexit effecting business - uncertainty of the situation with NI.
- Brexit effects on cover - UK may drop some EU regulations with potential prospects to reword/rework certain laws in the future.

Have any changes been made to the policy wordings in the last 12 months?

- No material changes made to documentation.

6. Actions and Recommendations

Actions to be taken following this review process, R/A/G scale to show immediate, scheduled and/or business as usual.

- • Review products in line with ongoing Brexit developments.
- • Continue to review the non-urgent change log and implement changes if required.
- • Consider the effect of Consumer Duty on products.
- • All literature to be amended to reflect the new Claims Portal.