

Hastings DIRECT

RAC Breakdown Proposal



a refreshingly
straightforward change





Refreshingly straightforward

RAC's proposal is designed to compliment Hastings vision to protect 1 in 10 by 2020. We provide linked breakdown services to in excess of 300 brokers and insurers, we are uniquely positioned in this sector to support your drive for policy growth through a range of RAC branded products that will create value for you and your customers.

Every partner has a different requirement, key to RAC's success is our ability to tailor and adapt services to fulfil the needs of our customers.

Best for your customers

RAC provides a fully integrated breakdown solution with our fleet of 1550 owned and branded patrols.

At the heart of all we do are terms and conditions written in plain English, a service centre designed to assess customer need and potential vulnerability at first call, an integrated patrol deployment system and a desire to ensure that no motorist is ever left stranded at the roadside.

Best for you

RAC will provide Hastings with a breakdown solution that:

- delivers the exceptional levels of service that your customers expect
- offers the opportunity to drive incremental growth through partnering with a powerful and respected motoring brand
- provides a team of people who have the experience and knowledge to seamlessly transition your customer base.

Hastings DIRECT

Refreshingly straightforward insurance



RAC have a fix rate of 83.6%



A powerful brand delivering growth and supporting retention

By selecting RAC as your breakdown partner your customers benefit from our technical knowledge, our experienced patrols, the investment in our fleet and equipment and the centralised support of our call centres.

Established in 1897 and with 8.6 million members the RAC has consistently been at the forefront of developing motoring services - from introducing uniformed patrols in 1901 and roadside emergency telephone boxes in 1912 right through to the present day when we boast the world's most advanced computer systems to deal with calls for roadside assistance.

Customer research points to the RAC brand being widely recognised across UK motoring circles. With 1550 patrol vans on the UK's roads most motorists know exactly who the RAC are and the services we offer.

As part of our proposal we are pleased to offer Hastings the use of our brand, in order to drive incremental sales.

By utilising the RAC brand, we will fulfill Hastings ambition to attract new customers as well as offering a seamless transition for existing customers



2.4 million

Breakdowns attended in 2016



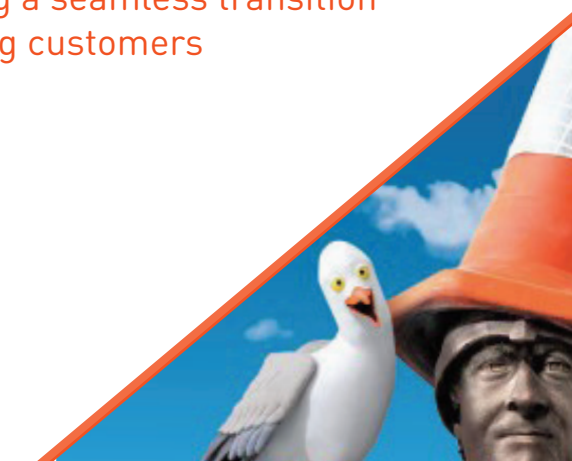
8.6 million

Members at 31 December 2016

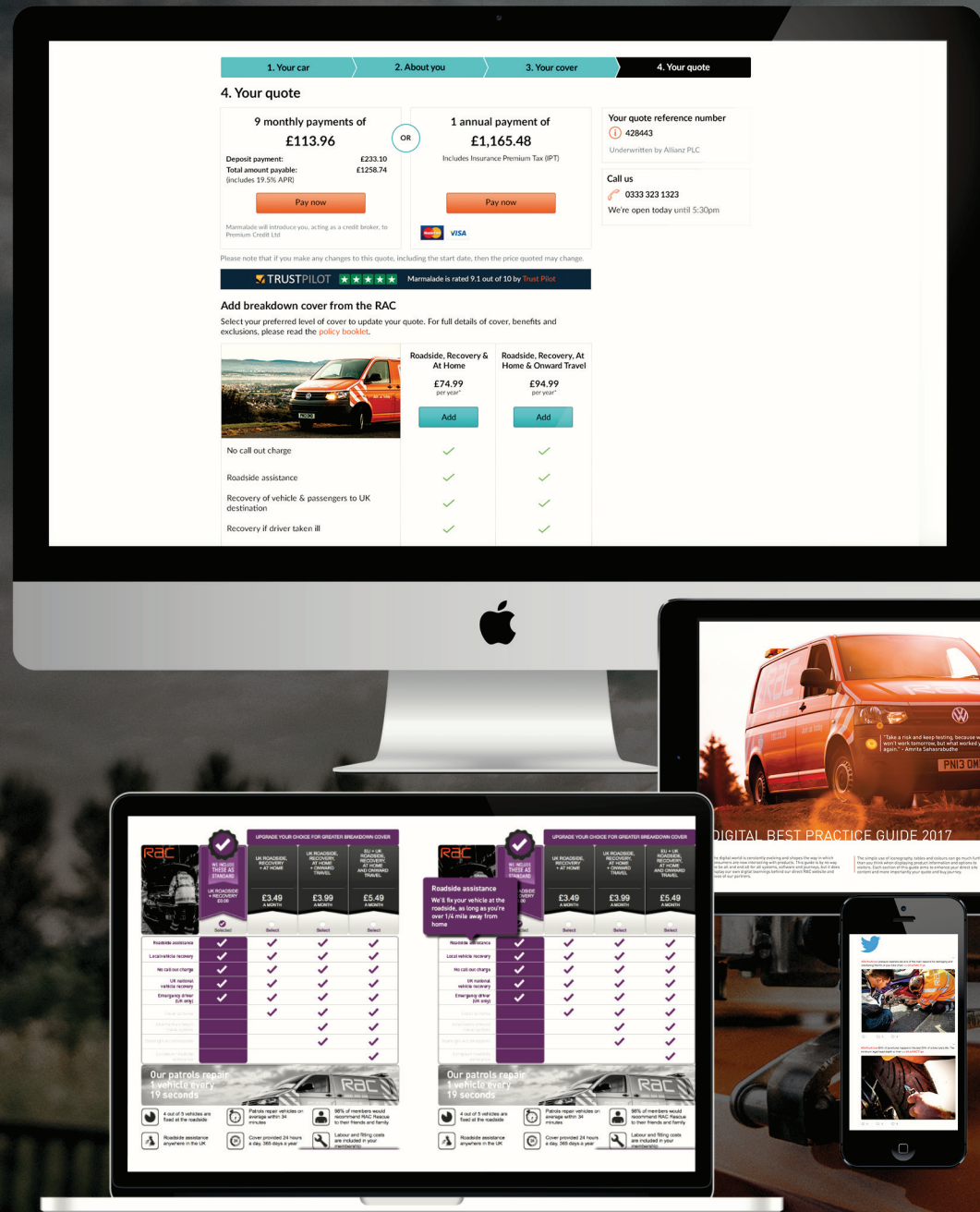


1.4 million

Hours at the roadside



Marketing support



Maximising compliant sales

Over the past 20 years the RAC has seen a change in the motor insurance breakdown sales journey from a predominantly telephone based sale, to one of increasing aggregator / on-line sales. In response to changing consumer behaviour, RAC has continued to refine our approach.

Training

The ability for RAC to either:

- (a) train the trainer or
- (b) train the sales team directly

with a view to enhancing product knowledge, provide an understanding of customer need and provide facts and figures that allow the agent to discuss why the product is so beneficial to customers.

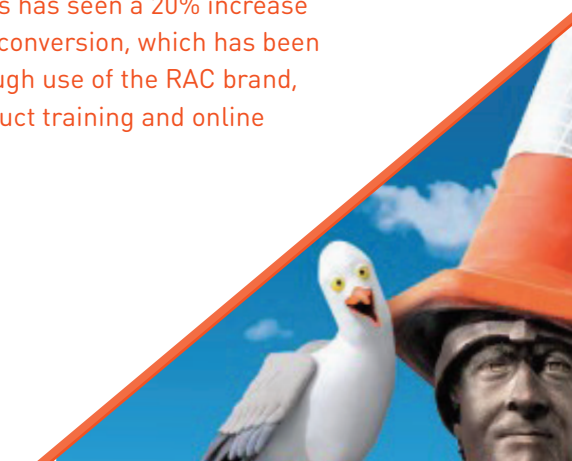
Our aim would be to empower the Hasting team dealing with telephone enquiries to maximise conversion of new customers and to enhance the up-sell of optional products from the mandatory base.

Marketing Expertise

RAC is able to offer Hastings access to an experienced marketing manager who can help, if required, to optimise the on-line sales journey, provide marketing related images and logos, can sign off and approve all marketing materials and who can help with PR related requests.

RAC will also provide Hastings with a dedicated account manager who would be responsible for agreeing and co-ordinating any training and marketing related activities with the relevant teams.

Following a recent implementation one of our partners has seen a 20% increase in breakdown conversion, which has been achieved through use of the RAC brand, intensive product training and online optimisation





Transparency

RAC believe that transparency is the key to building trust. By providing a clear line of sight of specific costs of the programme, we can manage scheme performance whilst providing the highest level of customer service.

RAC's proposal can be split into 3 clearly identified areas:

- Cost of claims
- Cost of business overheads and administration
- The agreed RAC margin

We deem cost of claim to be the cost of every customer request for service along with the associated cost of the staff required to manage those requests.

Overheads and administration is the cost associated with training, marketing, IT and programme set up.

Margin is a clear percentage figure that RAC requires in order to write sustainable and profitable business.

By providing detailed costs of the services provided it will give Hastings certainty in regards to how the price of providing service has been reached and it should also provide the insight as to required pricing should Hastings ever choose to underwrite its own product and use RAC purely as a service provider.



The RAC Patrol

We train and equip our uniformed Patrols to be the best in our industry. Each liveried Patrol vehicle carries over 500 parts. Patrol Technicians have on average 13 years' experience with RAC. Their focus is simple: Fix as many vehicles at the roadside as possible, providing outstanding customer service on the way.

Nationwide patrol force

We are headquartered in Birmingham with approximately 4,000 dedicated staff operating from three bases throughout the UK. Our breakdown assistance centres operate 24 hours a day, seven days a week, 365 days a year and handle around 4 million calls a year, fixing a car every 19 seconds.

RAC's branded fleet of patrol and recovery vehicles cover the entire United Kingdom and are distributed to ensure the optimum model for dispatch. Our first aim is always to get the vehicle attended and repaired by one of our own resources.

All RAC patrols are trained in-house in order that we can provide a consistent level of service throughout the UK. RAC has direct control over who attends which job in which area enabling us to be completely self-reliant when events occur outside of our control and we see sudden and substantial increases in breakdown events.

In 2016 RAC patrols attended 85.8% of all roadside jobs.



Right resource, first time

We know that your customers want to get back on the road as quickly as possible following a breakdown incident. That's why our approach to service is based around attending to the customer's needs and repairing their vehicle as quickly as possible. We do this by making sure we send the right type of vehicle every time we attend so that we have the correct tools to keep your customers moving.



1550 patrol vans for repair and tow



55 recovery trucks for towing larger vehicles



26 fuel vans with fuel and flushing equipment



19 tyre vans carrying spares



1 electric charging van for electric vehicles



140 contractors with specialist equipment

RAC Fuel Vans

Every year a large number of drivers put the wrong fuel in their car. RAC provide our own wrong fuel recovery service to members and a misfuel product for our corporate partners. It offers customers:

- Fuel Patrols that are trained mechanics with a full understanding of vehicle systems. They hold a current Safety Alliance accreditation to allow them to work safely on Petrol station forecourts
- Environment Agency approval
- Specialist vehicles purpose built by RAC, uniquely fitted with custom-manufactured mobile draining equipment
- The ability to tow a vehicle if required
- Attendance for cars, vans under 3.5 tonnes, motorcycles, boats and plant machinery





Putting customers at the heart of everything we do

RAC attends more than **85%** of breakdowns using our own resources, ensuring we have full control, visibility and ownership of the customer journey. From the initial call, through to the selection and dispatch of the right resource – RAC's aim is to make every customer interaction effective, efficient and seamless.

To access RAC's breakdown services, your customers can call our contact centre **24/7/365**. Alternatively, RAC's mobile app can be used to quickly locate customers, using GPS technology.

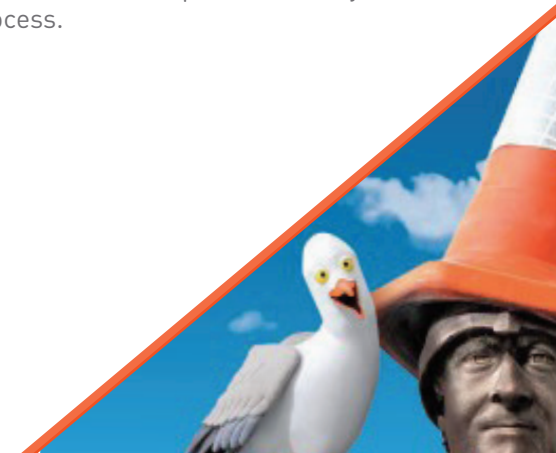
We understand that keeping customers informed is critical in managing their expectations - we let customers know how long they can expect to wait to be attended, and we keep them updated by phone as standard.

All customers are greeted with understanding and empathy by our trained call centre operatives and patrols.

RAC use handheld PDA's to give customers the opportunity to rate our service immediately after attendance at the roadside. This allows us to monitor performance and ensure customer satisfaction.

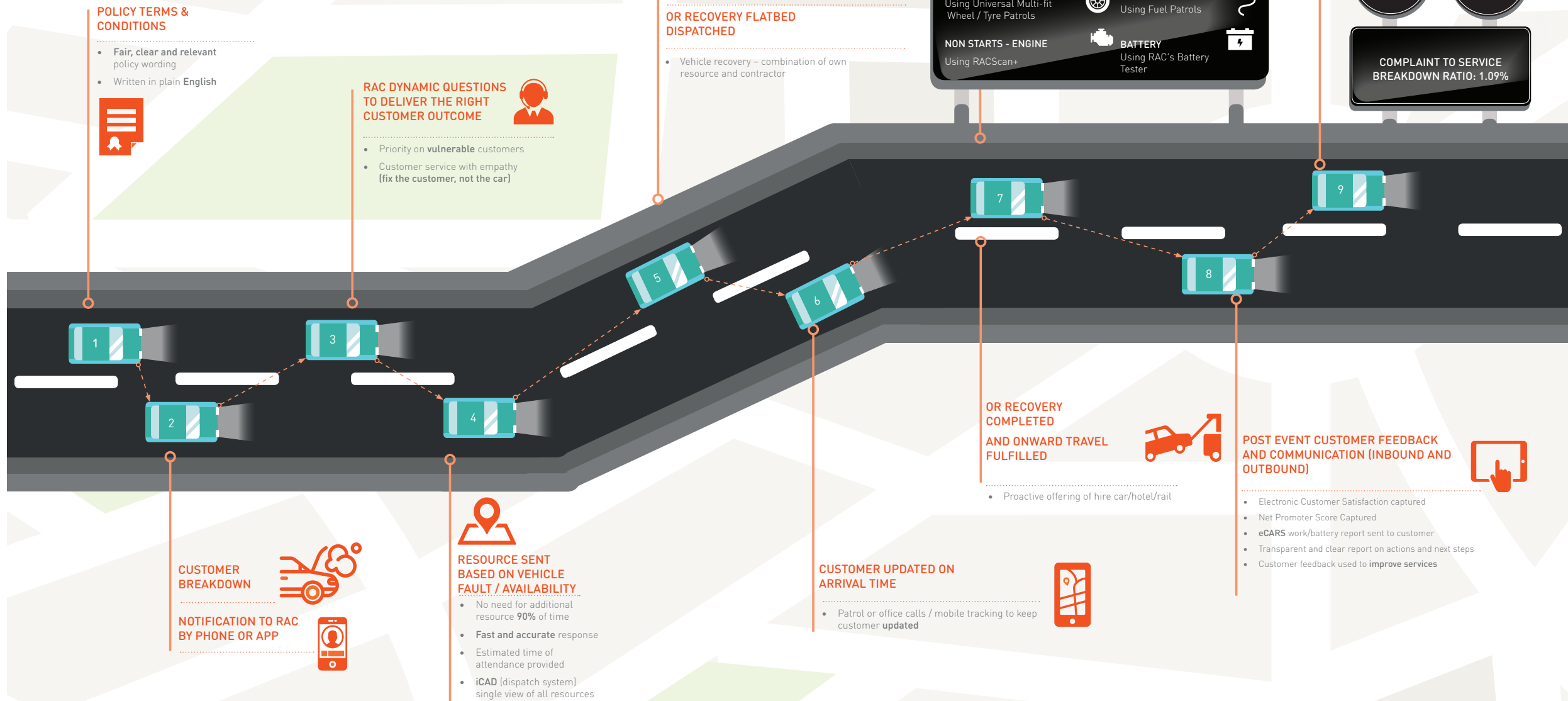
CSI and NPS scores of **94.7** and **94.5** respectively demonstrate the level of appreciation we receive from our customers.

Our customer journey is illustrated overleaf and we have a detailed roadmap to continually improve the process.



“ Effortless customer journey, keeping customers informed every step of the way ”

EFFORTLESS CUSTOMER JOURNEY



POLICY TERMS & CONDITIONS

- Fair, clear and relevant policy wording
- Written in plain English



RAC DYNAMIC QUESTIONS TO DELIVER THE RIGHT CUSTOMER OUTCOME

- Priority on **vulnerable** customers
- Customer service with empathy (fix the customer, not the car)



CUSTOMER BREAKDOWN



NOTIFICATION TO RAC BY PHONE OR APP



RESOURCE SENT BASED ON VEHICLE FAULT / AVAILABILITY

- No need for additional resource 90% of time
- Fast and accurate response
- Estimated time of attendance provided
- iCAD (dispatch system) single view of all resources



PATROL DISPATCHED

- Circa 1,550 trained patrol technicians
- 80% Patrol Attendance Rate (PAR)
- Average 13 years experience



OR SPECIALIST RESOURCE DISPATCHED (FUEL PATROL, TYRE PATROL, ELECTRIC CHARGING VEHICLE)...

- Specialist solution for right customer outcome

OR RECOVERY FLATBED DISPATCHED

- Vehicle recovery – combination of own resource and contractor

PATROL ARRIVES AND COMPLETES ROADSIDE FIX

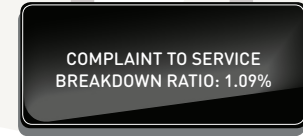
- Arrive within 50 minutes on average
- 80+% fixed, on average in 38 minutes
- Patrol carries 500+ parts
- Technical innovation for more roadside fixes



TOP ROADSIDE FAULTS RESOLVED

TYRES Using Universal Multi-fit Wheel / Tyre Patrols	MIS-FUELS Using Fuel Patrols
NON STARTS - ENGINE Using RACScan+	BATTERY Using RAC's Battery Tester

CUSTOMER DRIVES AWAY HAPPY



OR RECOVERY COMPLETED AND ONWARD TRAVEL FULFILLED

- Proactive offering of hire car/hotel/rail



POST EVENT CUSTOMER FEEDBACK AND COMMUNICATION (INBOUND AND OUTBOUND)

- Electronic Customer Satisfaction captured
- Net Promoter Score Captured
- eCARS work/battery report sent to customer
- Transparent and clear report on actions and next steps
- Customer feedback used to improve services



CUSTOMER UPDATED ON ARRIVAL TIME

- Patrol or office calls / mobile tracking to keep customer updated



Management Information and Reporting

Timely, accurate and actionable data is paramount to our partners. RAC have developed a unique market leading Insight Portal where our customers have online access to a suite of management information specific to the services covered.



Insight Portal

RAC provide detailed management information giving our partners incident volumes, types of breakdown claim, fault trends and details of repeat breakdowns.

We have provided Hastings with access to our Management Information test site. This will allow you to browse the features of our MI portal and provide you with a flavour of the reporting facilities available. Additional measures can be added as required to fulfil your business needs.

User id: RACazure\HastingsHastings

Password: HHGENd85ad47a18

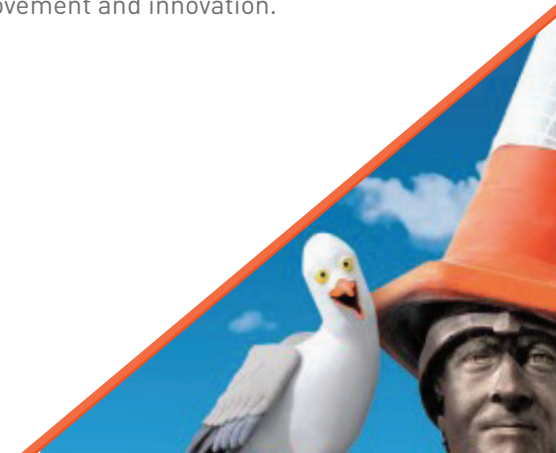
Link: <http://www.rac.co.uk/business/racinsight>

Vehicle Analytics

Our Technical Centre routinely undertakes:

- › Technical analysis identifying emerging faults delivering increased repair rates
- › Solutions which help our patrols fix more vehicles helping to drive customer satisfaction and reduce breakdowns
- › Regular technical reviews outlining current repair rate performance, usage and CSI
- › Vehicle software updates at the roadside

We regularly share this information with our partners with a view to identifying areas for continual improvement and innovation.



Experience

Over the past 24 months the RAC has won a number of large accounts and in that time we have migrated in excess of 1.2m customers to our systems. These migrations have been delivered on time and with minimum impact to our partners.



Implementation

RAC initially propose to match Hastings products and policy wording to ensure an efficient and cost effective transition. Hastings will benefit from an entirely managed service transition from contract award through to launch. As a minimum, we would suggest a 12-week implementation to ensure relevant training, communication and contract negotiation time is included.

Migration is a core RAC competency. We have a dedicated and experienced change management team within the operational business with:

- A strong track record of large scale new customer transitions
- A senior team of highly experienced professionals from across the business to manage the transition
- Wide ranging track record across a number of motoring sectors

Each project is planned, controlled, implemented and measured carefully through a structured project management approach, and managed by our in-house team of project managers, all of whom have operational as well as change management experience.

'We have been really delighted with RAC whose approach to our partnership has been outstanding – they have offered us training and marketing support every step of the way, including delivering training to our call centre staff in South Africa. Crucially, we have experienced an uplift in sales since engaging RAC and are getting more positive feedback from our customers who are very happy to be associated with such a well-loved brand.'

Eldon Insurance





Innovation

RAC has a proud history of innovation with many 'firsts' designed to enhance our customers' experience when interacting with our organisation. RAC continually invests in technical and product innovations designed to bring benefits to our partners and their customers.

We do not believe that service requirements stand still but adapt to customer expectations and the evolution of manufacturing technology and vehicle development.

Over recent years, RAC has introduced a number of technical, service and product innovations to support our strategy of repairing more vehicles at the roadside.

Technical innovation

To stay ahead, RAC's Technical Centre of Excellence has worked in partnership with customers and manufacturers, as well as investing **£40 million** in the last 5 years in new research, training and innovation such as RACScan+, RAC's Battery Tester, Universal Multi-fit Wheel, Tyre Patrols, Fuel Patrols and more.

Product Innovation

Roadside, Recovery, At Home, Onward Travel and European cover are all tried and tested products within the breakdown and insurance market. In the last three years RAC has created four new products that we sell alongside the core roadside cover levels:

- Key Replace
- Battery Rescue
- Tyre Rescue
- Garage, Parts & Labour

All products have delivered strong sales within the RAC membership base and these are now available to our partners to deliver an enhanced customer proposition and income opportunities.





RAC Connected: the future, today

A combination of technology, mobile and data is turning many industries on their head. Everything is mobile – the world is now seen through a smartphone – it's the most important device in our lives. Motoring is changing too. The RAC is looking to the future with our 'RAC Connected' concept enabling us to integrate telematics and diagnostic capability to create a breakdown and accident management service for the future.

RAC Connected

Breakdown provision today is largely reactive – a driver breaks down, needs assistance, and contacts a breakdown provider.

Through our pioneering 'RAC Connected' project, RAC is now making the shift towards proactive and eventually predictive breakdown services. By directly connecting and integrating telematics and diagnostic capability with our breakdown, accident management and call centre systems, RAC Connected will enable us to know where customer vehicles are, when they are likely to breakdown and when they are involved in an accident.

This allows us to proactively make contact to advise what the customer should do next, resulting in a further improved customer and driver experience.



Our commitment to Hastings

I am delighted that Hastings have given RAC the opportunity to provide a proposal for the supply of breakdown services to your customer base. RAC is dedicated to providing a premium service to customers when they are in a situation of need and at times, in a place of danger.



Our focus on providing a quick and efficient response at roadside combined with a fleet of patrol vehicles equipped to fix as many vehicles as possible has resulted in the RAC receiving regular praise from the customers we serve.

Having had the opportunity to review the response my team has provided I believe that we have listened to the requirements you have set out in your RFP. We are offering to provide a proposition where we match your existing cover to allow for a seamless transition of your customer base. We are focused on providing a service that minimises complaints, provides excellent speed of response, will have high acceptance rates and which provides not only the best commercial terms but also provides a spirit of openness and collaboration via the transparency we will bring to the relationship.

Finally, in support of our joint aspirations I believe there are reciprocal opportunities for developing add-on products that should sustain profitable growth for both our organisations. We are excited about becoming your breakdown provider and look forward to discussing our proposal with you in more detail.

Dave Hobday

CEO, RAC





RAC