Breakdown product review

Background

Breakdown insurance is the RAC's core product and has been sold for over 125 years. The product is designed to provide motorists with assistance if they face an electrical or mechanical breakdown at home or on roads in the UK and Europe.

In the event of a claim, the customer will usually be attended by an RAC patrol who will attempt to fix the vehicle at roadside or, at a minimum, tow the vehicle to a local garage. The AA and Green Flag are the main competitors for this product, but there are others including AXA Assistance and Call Assist.

The product is sold via a variety of channels including:

- Direct to consumers via RAC's Consumer Roadside division
- As an add-on to motor insurance sold through insurance and broker partners
- Through UK Banks and Building Societies as part of added value current accounts
- By motor manufacturers and fleets who provide breakdown as part of vehicle leasing and warranties.

This report will review the performance of the product sold as an add-on to motor insurance or as a standalone product sold through insurance and broker partners.

High Level Product Information

Product Name	RAC Insurance Partner Breakdown Products
Is this a value measures product?	Yes
Launch Date	RAC have been providing breakdown products via this distribution channel for in excess of thirty years
Last Product Review	April 2023 to March 2024
Product Review Period	April 2024 to March 2025
Reviewer	RAC Insurance Partners Division
Product Type	• Vehicle-based Breakdown Add-On and Standalone Breakdown products • Personal Breakdown Add-On and Standalone Breakdown products • Hybrid Breakdown Add-On products
Insurer(s)	RAC Motoring Services and/or RAC Insurance Limited
Distributor(s) and/or distribution grouping	This is the insurance partner division that includes insurers and brokers, all of whom are directly regulated by the FCA and/or the PRA. The breakdown products that the RAC have manufactured for this sector are primarily sold as an add on to a motor insurance policy at either new business, mid-term or renewal. They are substantively the same and perform consistently across this distribution group. Partners use a full range of sales channels within this distribution arrangement including web, mobile, contact centres and face-to-face.

Outcome of the review

Value Measures Data

	April 2024 - March 2025
Total retail premiums (written) excl. IPT	£228,397,849
Number of claims registered	643,920
Average number of policies in force	5,609,600
Claims frequency	11.5%
Number of claims where all or part of the claim has been accepted and a pay-out has been made (and the claim is closed at the end of the reporting period)	573,097
Number of claims that have been rejected in the year	68,852
Claims acceptance rate	89.3%
Number of claim walkaways	76,576
Number of claims complaints	14,500
Claims complaints as a % of claims	2.3%

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Overall, the review has demonstrated that customers receive fair value and good outcomes from UK and European Breakdown products. The products are well utilised amongst the policyholder base with strong claims frequencies and good acceptance rates.

Fair Value Assessment

Pricing
RAC are confident that the current average breakdown retail prices and commissions charged to the end customer by our insurance partners are acceptable and represent fair value to policyholders. Please see section on Fees and Charges within this document for a full assessment.

Claims acceptance rate
Claims acceptance rates across all products and cover levels are at 89.3% down from 91.1% in 2023/24, this is a 2% decline as a result of increased rigor in assessing customers’ entitlements. Claims acceptance rates are materially impacted by the level of cover chosen by policyholders. Cover levels that include At Home cover have a claims acceptance rate of 96.3%. For more details please refer to the section on Repudiations within this document.

Number of claim walkaways
Walkaways have decreased by 6.8% as a result of operational changes to the rules that previously would generate a claim after originally being reported as a walkaway. Half of all walkaways are for non-start, no spare tyre and other battery symptoms. Further to last year’s review into the root cause of walkaways we continue to monitor these closely.

Number of claims
The number of claims has increased by 3.3% from 623,340 to 643,920. However, claims frequency has decreased by 4.3% from 12% to 11.5%. This is against a backdrop of an 8.4% increase in the number of policies in force.

This frequency clearly demonstrates that these policies deliver value to customers and that there is no issue with customers ability to claim.

Distribution
RAC is responsible for capacity, underwriting and claims with our distributors responsible for quotes, sales and issue of documentation. This distribution model for sales of breakdown insurance via web (including aggregators) and/or call centres and high street branches remains appropriate for these products.

Complaints
Claims related complaints are down 9.9% from 2.5% as a proportion of claims to 2.3%. Across these products only a very small proportion of claims result in a complaint which does not suggest widespread dissatisfaction with the product. Delay is the number one cause for complaint, a concern that remains a key area of operational focus. Please see section on Complaints within this document for a full assessment.

Competitor analysis
Detailed competitor analysis has revealed that the Insurance Partner and Broker breakdown product suite is comparable with what is on offer from competitors. When comparing published value measures data, we found that claims frequencies and acceptance rates are in line with the market.

Detailed product review

The product review process demonstrates robust product governance and a commitment to continually improve the products and services the RAC offers throughout their life-cycle in order to ensure appropriate customer outcomes.

Product Description

Product types

The RAC's breakdown products are designed to meet the demands and needs of those who wish to protect themselves against the risk of vehicle breakdown. The RAC offers:

Vehicle based cover which covers the vehicle, no matter who is driving.

Personal based cover which covers the person, whether they're driving or are a passenger in any qualifying vehicle.

Hybrid cover which covers both the vehicle no matter who is driving AND the motor insurance policyholder, which could include their partner, whether they're driving or are a passenger in any qualifying vehicle.

Standalone cover which can be sold by the motor insurance partner without selling an existing motor policy.

The vast majority of products sold by Insurance Partners are vehicle based add-ons to motor insurance products with a fraction of legacy products offering standalone or personal and hybrid products. Cover levels and products are then presented to the policyholder by the broker or motor insurance partner based on the cover components.

Cover level components

All breakdown products have a base cover level that is Roadside. All other cover levels can then be added solely or cumulatively to deliver the necessary cover dependent on need. e.g Roadside, Recovery, At Home and Onward Travel is the most comprehensive product available for policyholders in the UK.

Based on claim frequencies and acceptance rates all our combinations of these components offer fair value. Opposite is an Insurance Product Information Document (IPID) that demonstrates the typical features, limitations, benefits and exclusions of our main cover components.

Adaptations

The following elements have and can be adapted for insurance partners and broker products.

Cover Level Components	Adaptations
Definitions	• Breakdown may include mis-fuel, running out of fuel or charge, or locking keys inside vehicle. • Vehicle length may not be specified in partner policies. • Passenger numbers are not specified but cover is for the number of passengers as per the vehicle registration. • Most UK policies have unlimited callouts
Roadside	• Distance from home can be a quarter of a mile, half a mile or 1 mile as the crow flies • Recovery to a garage can be 10 miles or up to 20 miles • Taxi costs typically covered up to 20 miles to continue the journey
At Home	• Above adaptations apply • 24 hour waiting period can apply
Onward Travel	• Hire cars are mostly only available for 48 hours but can be increased up to seven days. • Some partners may offer like for like vehicles rather than a small hatchback as standard
Other Benefits	• For driver induced faults we provide assistance or a 10 mile tow if unable to repair at roadside. • Urgent message relay • European Legal Care
Exclusions and Conditions	• Most policies specifically exclude use for Hire and Reward including courier and all motor trade.

Insurance Product Information Document (example):

What is insured?

Roadside

✓ Help to repair the vehicle at the roadside when you're more than a quarter of a mile from your home.

✓ Help to transport the vehicle, you, your passengers and horses to a destination of your choice, up to 10 miles, if RAC cannot repair the vehicle at the roadside.

Mis-fuel Rescue

✓ Help to repair the vehicle at the roadside by cleaning out the fuel system, topping the vehicle up with up to 10 litres of fuel and disposing of the contaminated fuel.

The following are additional sections which are optional, depending on the type of vehicle, and shown on your policy schedule:

At Home

- Help to repair the vehicle at, or within, a quarter of a mile of your home.

Recovery

- Help to transport the vehicle, you, your passengers and horses to a destination of your choice, within the UK up to the mileage shown on your policy schedule, if RAC cannot repair the vehicle.

Onward Travel

- A replacement hire vehicle for up to 2 days or £150 per non-fare paying passenger (or £25 per non-fare paying passenger if your vehicle is a minibus) and £500 in total for either alternative transport or overnight accommodation for the non-fare paying passengers while the vehicle is repaired.

European Motoring Assistance

Onward travel in the UK

- Help to repair the vehicle if it breaks down within 24 hours before the departure date and provide a hire car if it can't be repaired in time (up to 14 days).

Roadside assistance in Europe

- Help to repair the vehicle at the roadside or recovery to a local repairer, with a contribution towards the garage labour costs if the vehicle can be repaired on the same day – up to £175.
- If spare parts are required, RAC will organise and pay for their dispatch.

Onward travel in Europe

- If the vehicle can't be repaired within 12 hours, RAC will pay for the passengers to continue their journey in a replacement car or by rail, plane or taxi (up to £125 per day, or £1,500 in total) or for additional accommodation expenses of £30 per person per day – up to £500.
- RAC will provide alternative transport to get the passengers back home if the vehicle is unrepairable in Europe and will be returned home.

Getting the vehicle home

- RAC will return your vehicle home if it can't be repaired.
- Reimbursement for a hire car in the UK, once RAC have brought the passengers home – up to 2 days.
- RAC will arrange and pay for you to collect the vehicle if it was left abroad for repairs up to £600 for transport and £50 for accommodation.

Vehicle break-in emergency repairs

- RAC will cover the costs to carry out emergency repairs to make the vehicle safe again following a break-in – up to £175.

Replacement driver

- RAC will provide a replacement driver if a driver is medically unfit to drive.

What is not insured?

✗ Any breakdown which has occurred prior to purchase.

✗ Anything which is not a breakdown e.g. a road traffic collision.

✗ The cost of any parts.

✗ Any breakdown resulting from a fault that has previously been attended and has not been properly repaired or the advice after a temporary repair has not been followed.

✗ Vehicles used for those shown as excluded as shown on your policy schedule for the vehicle under Vehicle Use Codes.

Are there any restrictions on cover?

! The vehicle must not be more than:

Type of Vehicle	*Gross Vehicle Mass*
Car and Light Commercial Vehicle	*3,500 Kgs*
Motorcycle	*410 Kgs*
Minibus	*5,000 Kgs*
Motorhome	*7,500 Kgs*
Horsebox and Trailer, Specialist Vehicle, Heavy Commercial Vehicle and PSV/Coach	*44,000 Kgs*

! Motorcycles under 49cc or mobility scooters are not covered.

! If a caravan or trailer breaks down in the UK, RAC will only attend at the roadside and attempt a repair. No other benefits of the policy are available.

! If the vehicle breaks down while towing a caravan or trailer and RAC provide recovery, the caravan or trailer will be recovered with the vehicle (excluding any horse trailer which is being operated under a standard or international operator's licence or requires to be towed by a vehicle more than 3.5 tonnes GVM) to a single destination.

! If the breakdown is as a result of a tyre fault and a spare wheel or the manufacturer's repair equipment is not being carried or a key related claim, we will only tow you 10 miles.

! There are limits on the amount of cover per section. Please see your terms and conditions.

! European Breakdown is limited to journeys up to 90 days for any one trip (with an overall limit of £2,500 per claim or £5,000 if the vehicle is a motorhome more than 3,500Kgs GVM).

Target Market

Product Level Statement: The RAC's breakdown insurance products are designed for motor insurance policyholders who buy motor insurance and wish to protect themselves against the cost of vehicle breakdown and who buy breakdown within the purchasing journey.

The target market for these products are the owners and/or users of UK registered motor vehicles (within certain size and weight limits) that are at risk of mechanical or electrical faults that may cause it to breakdown. It is available to UK residents, including those living in Jersey, Guernsey and the Isle of Man.

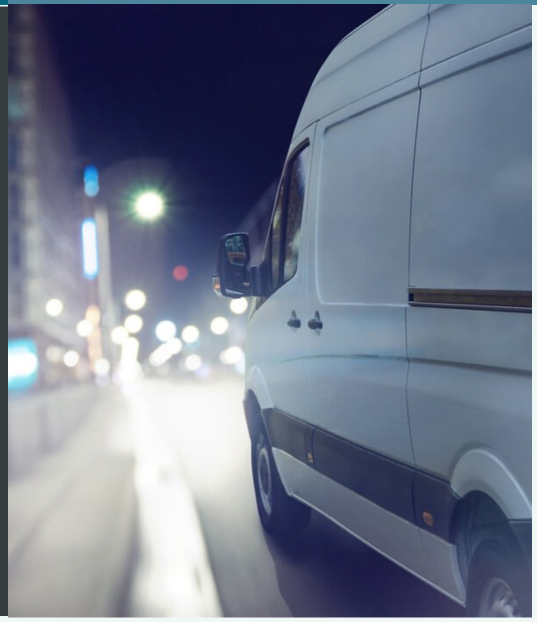
Policyholders need to be licensed to be able to drive the vehicle and so should be at least 16 years old to drive a moped and 17 years old to drive a car. Our products are suitable for vehicles driven on public roads in the UK and Europe.

For the purpose of this Insurance Partner sector review, the descriptions that follow are deliberately high-level to explain how our products are adapted to meet the needs of specific vehicle types:

- Car
- Motorbike
- Van
- Courier
- Motorhome
- Horsebox
- Taxi Minibus
- Taxi
- HGV
- Minibus
- Mini-fleet

Targeted Products

All breakdown products have a base component that starts with Roadside. All other components can then be added solely or cumulatively to deliver the necessary cover dependent on need. E.g Roadside, Recovery, At Home and Onward Travel is the most comprehensive product available for policyholders in the UK. All the combinations of these cover level components offer fair value.



Van

This meets the demands and needs of:

Roadside: Policyholders who wish to ensure that if their van breaks down in the UK, they will receive attendance at the roadside if more than ¼ mile away from home. If the vehicle cannot be fixed, they will be entitled to a local tow.

Recovery: Policyholders who wish to ensure that if their van breaks down in the UK and cannot be fixed at the roadside the van, driver and their passengers will be taken to any single destination in the UK.

At Home: Policyholders who wish to ensure that if their van breaks down in the UK, they will receive attendance at home or within 1/4 mile of their home.

Onward Travel: Policyholders who wish to ensure that if their van breaks down and cannot be fixed, they will receive either a hire vehicle, alternative transport (if the hire vehicle is not suitable) or overnight accommodation.

European: Policyholders who wish to ensure that if their van breaks down in Europe, they will receive assistance.

Car

This meets the demands and needs of:

Roadside: Policyholders who wish to ensure that if their car breaks down in the UK, they will receive attendance at the roadside if more than ¼ mile away from home. If the vehicle cannot be fixed, they will be entitled to a local tow.

Recovery: Policyholders who wish to ensure that if their vehicle breaks down in the UK and cannot be fixed at the roadside the vehicle, driver and their passengers will be taken to any single destination in the UK.

At Home: Policyholders who wish to ensure that if their vehicle breaks down in the UK, they will receive attendance at home or within 1/4 mile of their home.

Onward Travel: Policyholders who wish to ensure that if their vehicle breaks down and cannot be fixed, they will receive either a hire car, alternative transport (if the hire car is not suitable) or overnight accommodation.

European: Policyholders who wish to ensure that if their vehicle breaks down in Europe, they will receive assistance.

HGV

This meets the demands and needs of:

Roadside: Policyholders who wish to ensure that if their HGV breaks down in the UK, they will receive attendance at the roadside. If the vehicle cannot be fixed, they will be entitled to a local tow.

Recovery: Policyholders who wish to ensure that if their HGV breaks down in the UK and cannot be fixed at the roadside the HGV, driver and any passengers will be taken to a single destination up to a maximum of 200 miles.

Motorbike

This meets the demands and needs of:

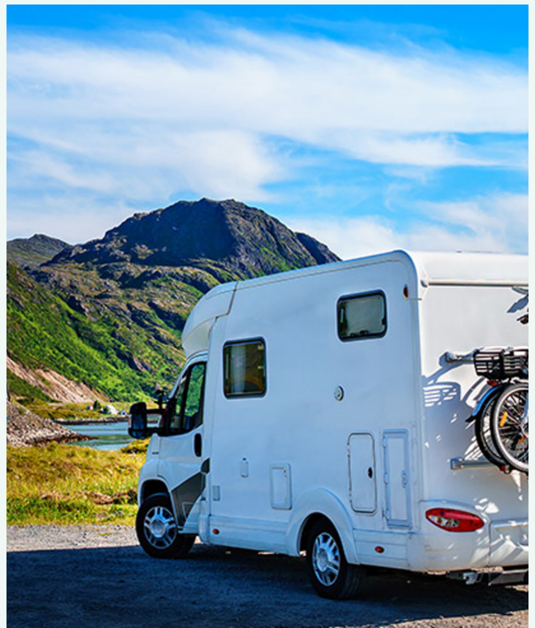
Roadside: Policyholders who wish to ensure that if their motorbike breaks down in the UK, they will receive attendance at the roadside if more than ¼ mile away from home. If the vehicle cannot be fixed, they will be entitled to a local tow.

Recovery: Policyholders who wish to ensure that if their motorbike breaks down in the UK and cannot be fixed at the roadside the vehicle, driver and passengers will be taken to any single destination in the UK.

At Home: Policyholders who wish to ensure that if their motorbike breaks down in the UK, they will receive attendance at home or within 1/4 mile of their home.

Onward Travel: Policyholders who wish to ensure that if their motorbike breaks down and cannot be fixed, they will receive either a hire vehicle, alternative transport (if the hire vehicle is not suitable) or overnight accommodation.

European: Policyholders who wish to ensure that if their motorbike breaks down in Europe, they will receive assistance.



Motorhome

This meets the demands and needs of:

Roadside: Policyholders who wish to ensure that if their motorhome breaks down in the UK, they will receive attendance at the roadside if more than ¼ mile away from home. If the vehicle cannot be fixed, they will be entitled to a local tow.

Recovery: Policyholders who wish to ensure that if their motorhome breaks down in the UK and cannot be fixed at the roadside the vehicle, driver and their passengers will be taken to any single destination in the UK.

At Home: Policyholders who wish to ensure that if their motorhome breaks down in the UK, they will receive attendance at home or within 1/4 mile of their home.

Onward Travel: Policyholders who wish to ensure that if their motorhome breaks down and cannot be fixed, they will receive either a hire car, alternative transport (if the hire car is not suitable) or overnight accommodation.

European: Policyholders who wish to ensure that if their motorhome breaks down in Europe, they will receive assistance.

Targeted Products

Taxi

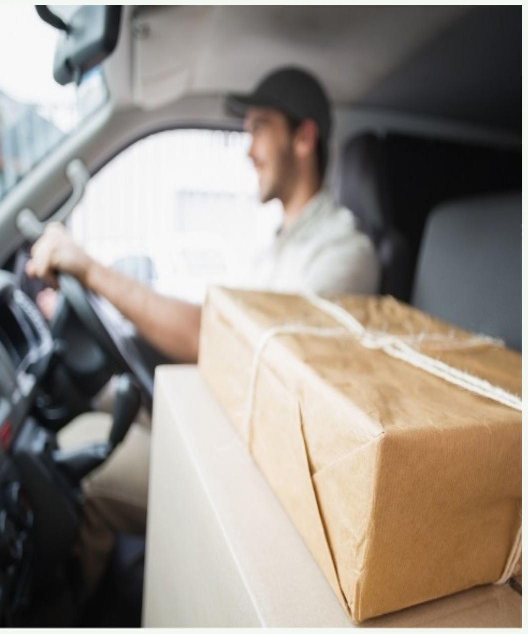
This meets the demands and needs of:

Roadside: Policyholders who operate a taxi service and wish to ensure that if their Taxi breaks down in the UK, they will receive attendance at the roadside if more than ¼ mile away from home. If the vehicle cannot be fixed, they will be entitled to a local tow.

Recovery: Policyholders who operate a taxi service and wish to ensure that if their taxi breaks down in the UK and cannot be fixed at the roadside the vehicle, driver and up to 8 non-fare paying passengers will be taken to any single destination in the UK.

At Home: Policyholders who wish to ensure that if their taxi breaks down in the UK, they will receive attendance at the roadside, at home or their place of work.

Onward Travel: Policyholders who wish to ensure that if their taxi breaks down and cannot be fixed, they will receive either a hire car, alternative transport (if the hire car is not suitable) or overnight accommodation. Onward Travel for non-fare paying applies only when the vehicle is in private use.



Courier

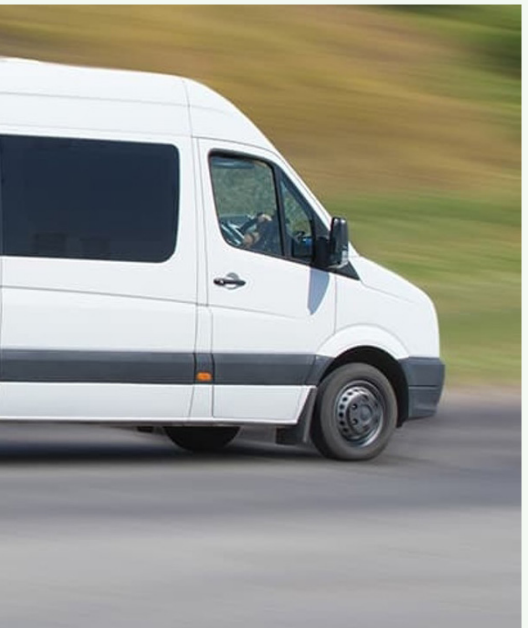
This meets the demands and needs of:

Roadside: Policyholders who wish to ensure that if their courier vehicle breaks down in the UK, they will receive attendance at the roadside if more than ¼ mile away from at home. If the vehicle cannot be fixed, they will be entitled to a local tow.

Recovery: Policyholders who wish to ensure that if their courier vehicle breaks down in the UK and cannot be fixed at the roadside the vehicle, driver and their passengers will be taken to any single destination in the UK

At Home: Policyholders who wish to ensure that if their courier breaks down in the UK, they will receive attendance at the roadside, at home or their place of work.

Onward Travel: Policyholders who wish to ensure that if their courier breaks down and cannot be fixed, they will receive either a hire vehicle, alternative transport (if the hire vehicle is not suitable) or overnight accommodation.



Minibus

This meets the demands and needs of:

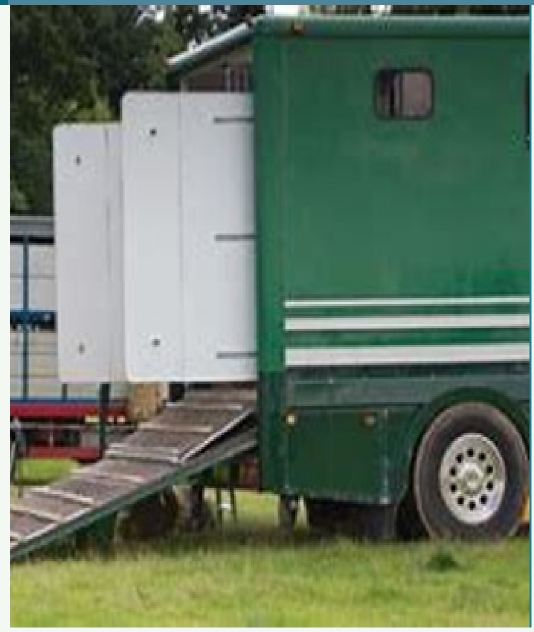
Roadside: Policyholders who wish to ensure that if their minibus breaks down in the UK, they will receive attendance at the roadside if more than ¼ mile away from home. If the vehicle cannot be fixed, they will be entitled to a local tow.

Recovery: Policyholders who wish to ensure that if their minibus breaks down in the UK and cannot be fixed at the roadside the vehicle, driver and up to 16 passengers will be taken to any single destination in the UK.

At Home: Policyholders who wish to ensure that if their minibus breaks down in the UK, they will receive attendance at home or within 1/4 mile of their home.

Onward Travel: Policyholders who wish to ensure that if their minibus breaks down and cannot be fixed, they will receive either a hire car, alternative transport (if the hire car is not suitable) or overnight accommodation.

European: Policyholders who wish to ensure that if their minibus breaks down in Europe, they will receive assistance.



Horse Box

This meets the demands and needs of:

Roadside: Policyholders who wish to ensure that if their horsebox breaks down in the UK, they will receive attendance at the roadside if more than ¼ mile away from home. If the vehicle cannot be fixed, they will be entitled to a local tow.

Recovery: Policyholders who wish to ensure that if their horsebox breaks down in the UK and cannot be fixed at the roadside the vehicle, driver and their passengers will be taken to any single destination in the UK.

At Home: Policyholders who wish to ensure that if their horsebox breaks down in the UK, they will receive attendance at home or within 1/4 mile of their home.

Onward Travel: Policyholders who wish to ensure that if their horsebox breaks down and cannot be fixed, they will receive either a hire car, alternative transport (if the hire car is not suitable) or overnight accommodation.

Taxi Minibus

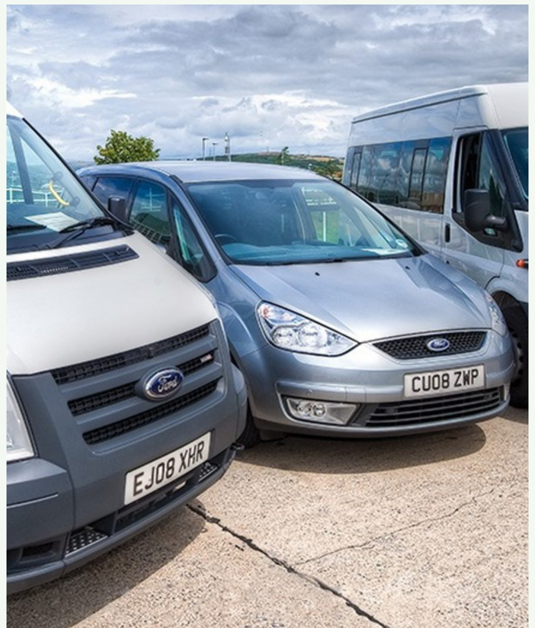
This meets the demands and needs of:

Roadside: Policyholders who wish to ensure that if their taxi minibus breaks down in the UK, they will receive attendance at the roadside if more than ¼ mile away from home. If the vehicle cannot be fixed, they will be entitled to a local tow.

Recovery: Policyholders who wish to ensure that if their taxi minibus breaks down in the UK and cannot be fixed at the roadside the vehicle, driver and up to 16 non-fare paying passengers will be taken to any single destination in the UK.

At Home: Policyholders who wish to ensure that if their taxi minibus breaks down in the UK, they will receive attendance at the roadside, at home or their place of work.

Onward Travel: Policyholders who wish to ensure that if their taxi minibus breaks down and cannot be fixed, they will receive either a hire car, alternative transport (if the hire car is not suitable) or overnight accommodation.



Mini-Fleet

This meets the demands and needs of:

Roadside: Policyholders who operate a fleet of 2 or more vehicles and wish to ensure that if one of their vehicles breaks down in the UK, they will receive attendance at the roadside if more than ¼ mile away from home or where the vehicle is normally kept. If the vehicle cannot be fixed, they will be entitled to a local tow.

Recovery: Policyholders who operate a fleet of 2 or more vehicles and wish to ensure that if their one of their vehicles breaks down in the UK and cannot be fixed at the roadside the vehicle, driver and their passengers will be taken to any single destination in the UK.

At Home: Policyholders who operate a fleet of 2 or more vehicles and wish to ensure that if one of their vehicles breaks down in the UK, they will receive attendance at the roadside, at home or their place of work.

Onward Travel: Policyholders who operate a fleet of 2 or more vehicles and wish to ensure that if their vehicle breaks down and cannot be fixed, they will receive either a hire vehicle, alternative transport (if the hire vehicle is not suitable) or overnight accommodation.

European: Policyholders who operate a fleet of 2 or more vehicles and wish to ensure that if their one of their vehicles breaks down in Europe, they will receive assistance.