

RAC

FCA fair value measures and
pricing remedy rules



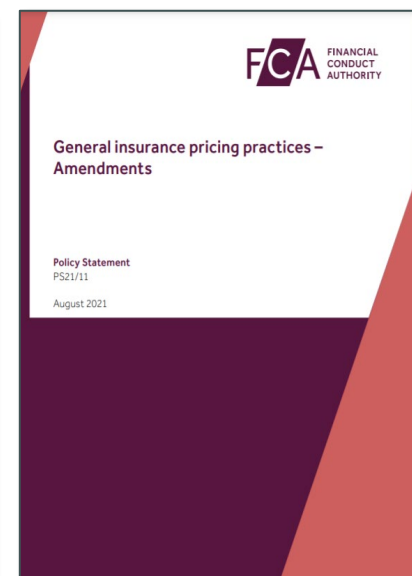
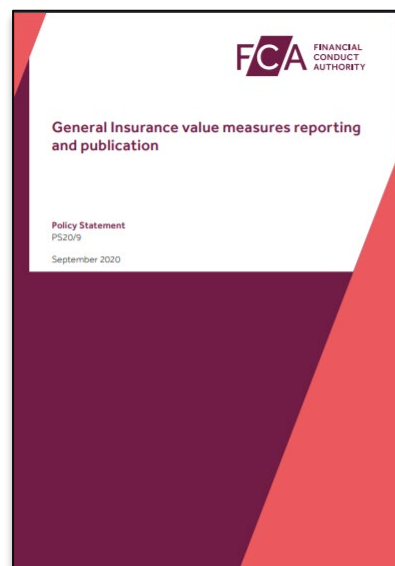
New FCA fair value measures and pricing remedy rules:

The image shows a close-up of a building's exterior with a large, dark blue sign featuring the 'RAC' logo in orange, stylized capital letters. The building has a modern architectural style with glass and metal elements.

“ In 2021 and 2022 there are new FCA fair value measures and pricing remedy rules coming into effect aiming to enhance competition, making sure customers receive fair value and increase trust in the insurance market.

All RAC products meet the required standards as outlined by the FCA

External Publications – Click to view



RAC Breakdown Target Market Assessment

The image shows a close-up of a building's exterior. On the right, there is a dark blue rectangular sign with the word 'RAC' in large, orange, stylized capital letters. To the left of the sign, there is a metal structure with horizontal slats, possibly a balcony or a part of a staircase. The background is a light blue sky.

RAC's breakdown insurance products are designed to meet the demands and needs of anyone who wishes to protect themselves against the risk of vehicle breakdown. 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.

Our target market is wide and encompasses the majority of UK vehicle drivers and businesses. The statements that follow explain how each component of cover that make up our products are designed to meet the demands and needs of the target market.

Car

Cover Components

This meets the demands and needs of:

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.

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.

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.

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.

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



All car 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.



Motorbike

Cover Components

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

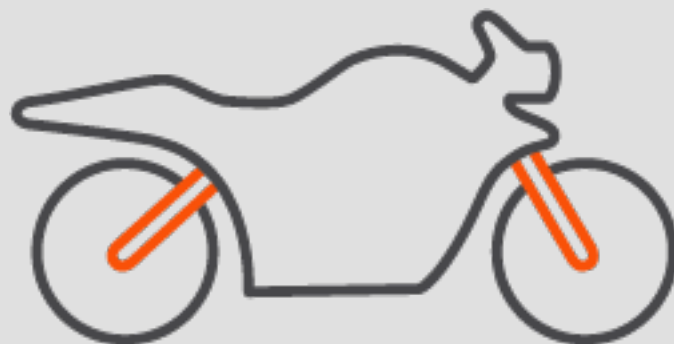
Policyholders who wish to ensure that if their motorbike breaks down in the UK, they will receive attendance at home or within 1/4 mile of their home.

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.



All motorbike 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.



Van

Cover Components

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

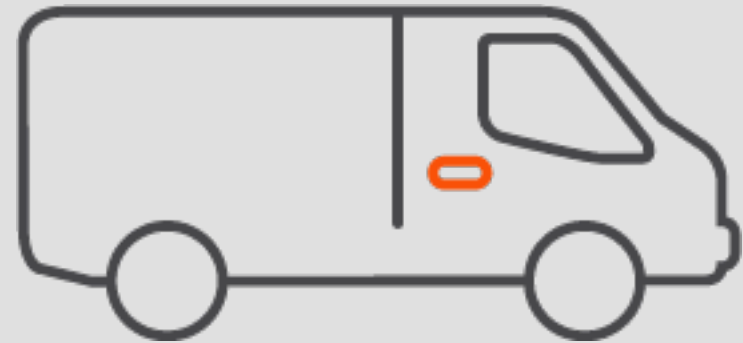
Policyholders who wish to ensure that if their van breaks down in the UK, they will receive attendance at home or within 1/4 mile of their home.

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.



All van 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.



Taxi

Cover Components

This meets the demands and needs of:

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.

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.

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.

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.

N/A.



All taxi 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.



Courier

Cover Components

This meets the demands and needs of:

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 home. If the vehicle cannot be fixed, they will be entitled to a local tow.

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.

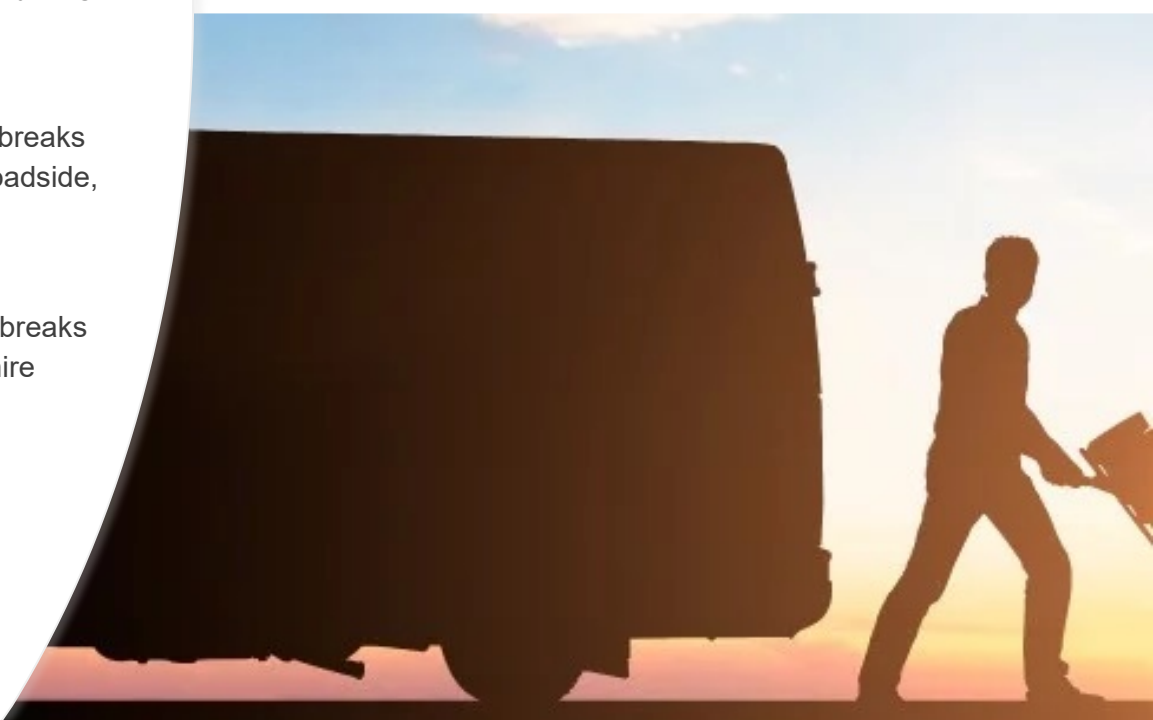
Policyholders who wish to ensure that if their courier breaks down in the UK, they will receive attendance at the roadside, at home or their place of work.

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.

N/A.



All courier 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.



Motorhome

Cover Components

This meets the demands and needs of:

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.

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.

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.

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.

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



All motorhome 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.



Minibus

Cover Components

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.



All minibus 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.



Taxi Minibus

Cover Components

This meets the demands and needs of:

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.

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.

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.

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.

N/A.



All taxi minibus 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.



Mini-Fleet

Cover Components

This meets the demands and needs of:

Policyholders who operate a fleet of 2 to 15 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 $\frac{1}{4}$ 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.

Policyholders who operate a fleet of 2 to 15 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.

Policyholders who operate a fleet of 2 to 15 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.

Policyholders who operate a fleet of 2 to 15 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.

Policyholders who operate a fleet of 2 to 15 vehicles and wish to ensure that if their one of their vehicles breaks down in Europe, they will receive assistance.



All mini-fleet 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.



Roadside

Recovery

At Home

Onward Travel

European

Confirmation of Roles and Responsibilities in respect of RAC breakdown policies



Going forward, we have outlined overleaf a division of the roles and responsibilities involved in product governance and review to assist with the obligations outlined in the PS21/5 General insurance pricing practices market study.

General Insurance Activity	Responsibility:	
	RAC	Partner
Product Design and Governance:		
Product Design and Approval Process (including Vulnerable Customers)	✓	
Target Market Statement (TMS)	✓	
Understanding of identified target market (including Vulnerable Customers)	✓	✓
Product Testing	✓	
Selection of distribution channels	✓	✓
Ensuring products are distributed to the identified target market	✓	✓
Product monitoring and share Annual reviews to ensure product remains appropriate to Target Market and remains consistent with the fair value assessment	✓	✓
IPID development / design and technical/compliance approval	✓	
Provide appropriate information to distributors and clearly differentiate that information which is intended for distributors e.g. Training Material, and/or customers (IPID)	✓	
Have adequate arrangements to obtain information about the product and the product approval process.	✓	
Contract Price – clearly articulate whether the price delivered to partners is retail to customer or net to partner.	✓	
Presale activities:		
Drafting of marketing literature i.e., Do RAC provide information to the Partner to insert into their marketing literature?	✓	✓
Technical approval of marketing literature i.e., Does RAC need to provide approval for any element of the marketing literature produced in relation to their product?	✓	✓
Compliance approval of marketing literature i.e., Does the RAC Compliance team need to approve marketing literature in relation to their product?	✓	✓
Policy wording / T&Cs i.e., Does RAC provide the policy wording and terms and conditions for inclusion within the Partner literature?	✓	
Technical approval of Policy document i.e., Does RAC Technical team need to approve the policy document for inclusion within the Partner literature?	✓	
Compliance approval of Policy document i.e., Does RAC Compliance team need to approve the Policy document for inclusion within the Partner literature?	✓	

General Insurance Activity	Responsibility:	
	RAC	Partner
Post-sale activities:		
Written confirmation of cover		✓
Approval of post-sales correspondence	✓	✓
Issuance of Policy documents		✓
Issuance of endorsements		✓
Issuance of renewal notice		✓
Payment collection		✓
Cancellation of Policy		✓
Refund of premiums	✓	✓
Claims against the breakdown product:		
Claims Handling	✓	
Negotiation of Claims	✓	
Agreement of Claims	✓	
Settlement of Claims	✓	
Queries concerning product / breakdown insurer / process	✓	
Complaints (in relation to the RAC product):		
The sales of product		✓
Disputed Claims	✓	
Misrepresentation in respect of Marketing literature	✓	✓
About the product/cover that is offered	✓	✓
FOS claims complaints	✓	
Regulatory reporting of claims complaints	✓	
Miscellaneous:		
Keep proper records and accounts	✓	✓
Identification and management of any potential conflicts of interest	✓	✓

The image features a low-angle shot of a modern building with a glass facade. Large, orange, three-dimensional letters spelling 'RAC' are mounted on the building's exterior. In the foreground, a dark blue sign also displays the 'RAC' logo in orange. A large, solid orange triangle is positioned on the left side of the image, partially obscuring the building and the text.

RAC

Thank you