

Warranties will clarify hybrid and EV cover



Car Care Plan is incorporating hybrid and electric components into its used car warranty standard wording to future-proof its dealer clients and give them an 'all-embracing' warranty programme that covers the mix of vehicles they'll be offering.

Following extensive market research with OEMs, dealer clients and consumers, Car Care Plan has agreed an electric vehicle (EV) section to be integrated into its standard warranty wordings so any dealer retailing a hybrid or pure EV can be sure what is covered.

And this wording has now been submitted to the Plain English Society, with the aim to obtain a Crystal Mark accreditation for clarity to consumers. This is because the company knows the average person won't have detailed knowledge of electric vehicles and the components unique to them, apart from the battery, that need to be covered under warranty.

It even covers battery range anxiety, where a customer is unable to recharge the vehicle during a journey by facilitating a roadside

breakdown and recovery event.

"Any client that currently uses us on warranty will now have a warranty that also embraces all that needs to be covered in an EV," said Car Care Plan head of products Mike Cowling.

In conjunction with new EV cover, all warranty and breakdown and recovery wordings are also being reviewed by the Plain English Society's accreditation process.

Long heritage

It's the latest development in a long heritage of supporting dealers with their used car programmes.

Despite the coronavirus lockdowns, Cowling's field development support team at Car Care Plan had no redundancies and even increased in number.

"It's in times like these that we need to be ready for recovery."

He said there has been huge appetite among dealer groups for refresher training for their staff after furlough, to bring them back up to peak performance in warranty sales.

A key message from Car Care Plan is that it won't let clients down. "We're proud of the company's



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stability and financial robustness, which we feel we should emphasise during these uncertain times," said Cowling.

"Motors Insurance Company Limited (MICA), the in-house insurance arm of the Car Care Plan Group, has recent been awarded an excellent A-rating by the credit rating agency AM Best, highlighting the financial strength of the business," he said.

"This rating now matches that of our group insurer, Amtrust Europe Limited (AEL). And, as a UK-domiciled insurer, it's also authorised and regulated by the Prudential Regulation Authority (PRA) which oversees solvency, as well as the Financial Conduct Authority (FCA)."

Cowling pointed out that a handful of non-UK-domiciled insurers have collapsed in recent years, which meant initially their customers claims couldn't be paid by administrators and they then suffered long delays while the process was transferred to the UK's Financial Services Compensation Scheme to get paid.

"That is why we pride ourselves

that all our business is now underwritten in-house through our group insurer, AEL and our own CCP insurer, MICA."

Cowling said this financial stability means dealer clients, who are all subject to the FCA's Senior Managers and Certification Regime (SMCR), can be assured of a whole additional layer of protection, further enhanced by the support of our dedicated conduct risk field team.

Another example of its support is the field team of auditors, all experienced engineers, who go into dealerships to investigate "out of kilter" loss ratios.

High levels of product quality

This ensures high levels of product quality and customer satisfaction in dealers' used car programmes.

"Given our experience, we pick up anomalies," says Cowling. "We have extensive experience of UK car stock across all franchises. With all our historical data, we've claims data on virtually every model in every franchise, so it allows us to provide that support to dealers. We're protecting them and seeking to ensure their CSI standards are not being compromised."

And there's support for warranty renewals too. Car Care Plan's own contact centre in Manchester underpins all point-of-sale product activity, backing dealers with a GDPR-compliant contract spanning SMS, email and phone calls.

Examples of its activity include supporting OEM warranty extension sales – Car Care Plan's team provides this proactive service to all

dealer clients selling new cars – and supporting dealers' approved used car warranty and roadside assistance renewals. As expiry nears, the team contacts a client's customers to verify they still own the car and to offer an extension for an additional 12 months. This can be accommodated on monthly payments, further attracting the younger subscription generation of buyers as well.

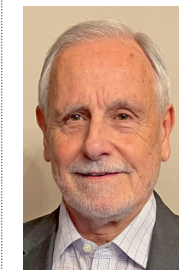
"In both cases, the dealer will be a beneficiary of commission from any sales we successfully do on their behalf," said Cowling. "And, unlike some outsourced call centres, this is our centre and it only sells our products. It's a service that, in our view, is unique."

Naturally, its contracts with dealers stipulate the need for full authorisation and GDPR compliance, and outline precisely what the dealer will earn from this activity. Dealers get a detailed report on the outcome from any contact with their customers, so they're aware, for example, if someone hasn't bought an extension because they've already changed car. Equally, if a customer contacts Car Care Plan to transfer a warranty because they're selling the car, that information can also be shared to the dealer as a sign that the customer is in the market, subject to customer consent.

He said many dealers see huge potential in the used car market now. Dealers typically provide 12 months' warranty in their approved used programmes, but there is consumer desire to buy



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longer cover, so opportunities are there.

Alongside warranty, Car Care Plan is ready to help tackle the "significant untapped potential" with insurance products for used car buyers, Cowling said. Buyers of younger used cars are prime customers for alloy wheel insurance and cosmetic repair cover and, since these are high claims frequency products, many dealerships have made these primary products in their sales portfolios alongside extended warranty and MOT test cover.

Cosmetic and alloy wheel repair

Cowling said a sign of the value these products provide is the high claims frequencies these policies generate, coupled to the peace of mind customers receive knowing that the cosmetic or alloy wheel repair has helped protect the value of the vehicle. This is especially pertinent for PCP customers who are able to return their vehicles in a good condition.

And a significant development for Car Care Plan is its move into the "fast lane" for the provision of service plans in the market this year.

Cowling said that CCP now has a service plan platform second to none in the marketplace and, thanks to the strong relationships his team already has with their dealer clients, he sees this accompaniment to warranty as a wonderful opportunity for its dealers to further strengthen their customer retention levels over their periods of ownership.

The company is even gearing up for growth in vehicle subscriptions, by offering monthly subscription to warranty and servicing. Cowling hinted that in conjunction with prepayment terms, geared towards the new emerging subscription generation of car buyers, this would further ensure higher warranty sales penetration levels to its dealer partners, but wouldn't elaborate at this stage.

"My message on this to dealers is 'call me'," he said.



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