



Focusing on our customers

Claims webinar

30 June 2021

Today's speakers

Penny James

CEO



Jessie Burrows

Managing Director, Customer Sales,
Service, and Claims



Paul Nightingale

Director of Motor Networks and
Engineering Services

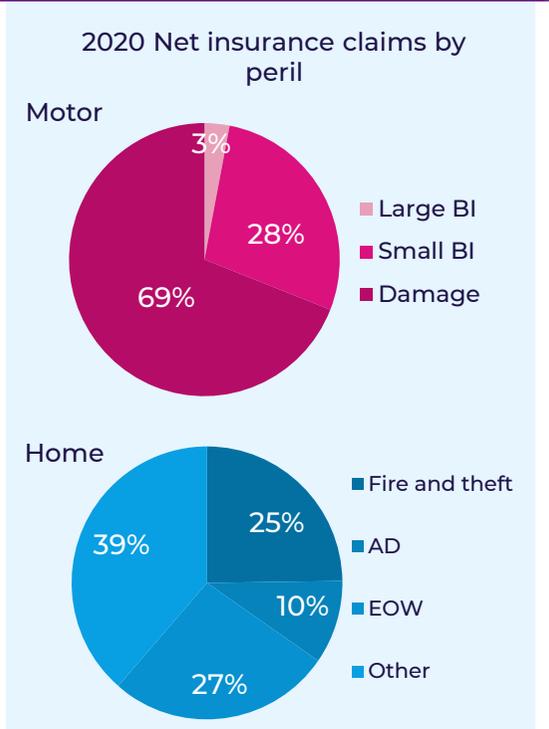
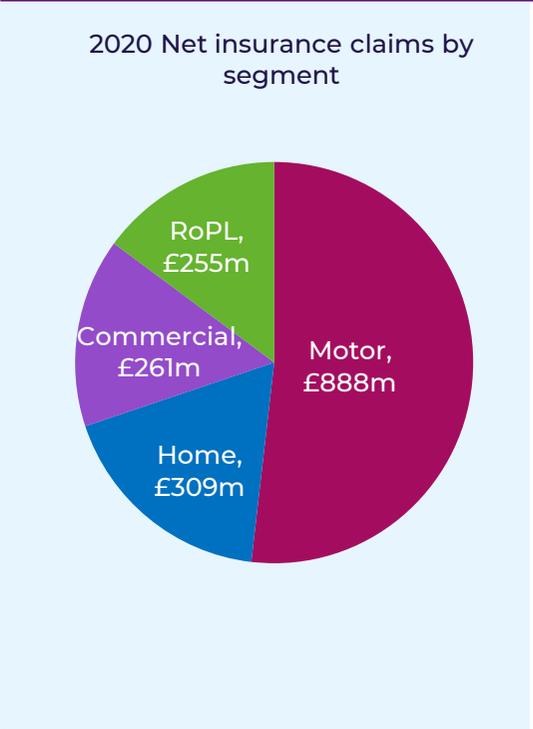


Spotlight on claims: We operate at scale across multiple brands and products

Our diversified business model operates at scale with differentiated service levels

- Britain's leading Motor and Home insurer¹ – 1 million claims handled per year
- Differentiated service model – managing multiple brands and products with differentiated service levels
- Robust and extensive supply chain – >1,500 suppliers
- Largest insurer owed motor repair network – more than double the number of repairs completed by the nearest competitor

We manage c. £1.8 billion of indemnity spend each year



¹. Includes Direct Line, Churchill, Privilege, Darwin and partner brands: RBS, NatWest. Copywrite Ipsos MORI 2021, Financial Research Survey (FRS), six months ended January 2021. c. 14,000 adults (age 16+) surveyed across Great Britain. Interviews conducted online and by telephone, and weighted to reflect the overall profile of the adult population

Claims is key to the Group's vision, purpose and strategy



Spotlight on claims: How we differentiate ourselves and drive value for the Group

1

Market leading propositions

Our customer focus, and expertise in digital and claims helps us deliver:

- Excellent customer service
- Unique customer propositions
- Strong NPS scores

Delivering high retention rates

2

Efficient claims handling

We're investing in further digitalisation across the claims journey and start from a position of strength:

- 90% of claims can be registered online
- Use of AI for motor evaluation when claims registered
- Full digital e2e for simple home claims

Reducing cost to serve by 20%

3

Top quartile indemnity control

Our scale, expertise, and vertically integrated motor repair model provides unique strengths:

- Rich data and deep insight for our pricing models
- Advanced counter fraud capabilities
- Faster and lower cost repairs which drive NPS

Better than market average claims costs

4

Innovating for sustainability

Our vertically integrated repair model enables us to stay at the forefront of car technology:

- In-house motor tech R&D hub in Birmingham
- Greater control over carbon emissions in the repair process

Over 1,800 electric and hybrid vehicle repairs

1 Market leading propositions and excellent customer service: Delivering strong customer and commercial outcomes

We have a culture of putting customers first...

- Our customer first focus is underpinned by our customer pillars and all our agents are empathy trained



Expectations
Manage and exceed my expectations



Personalisation
Treat me like a real person and not like a process



Trust
Earn my trust



Ease
Make it as effortless as possible for me



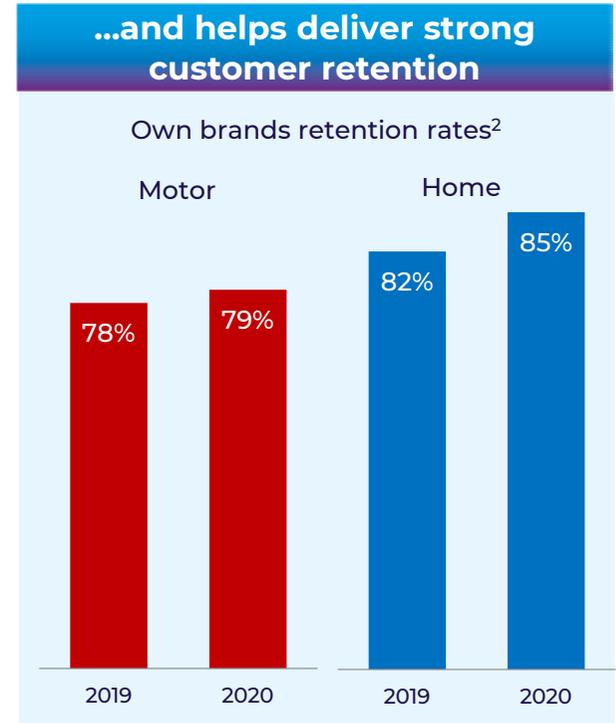
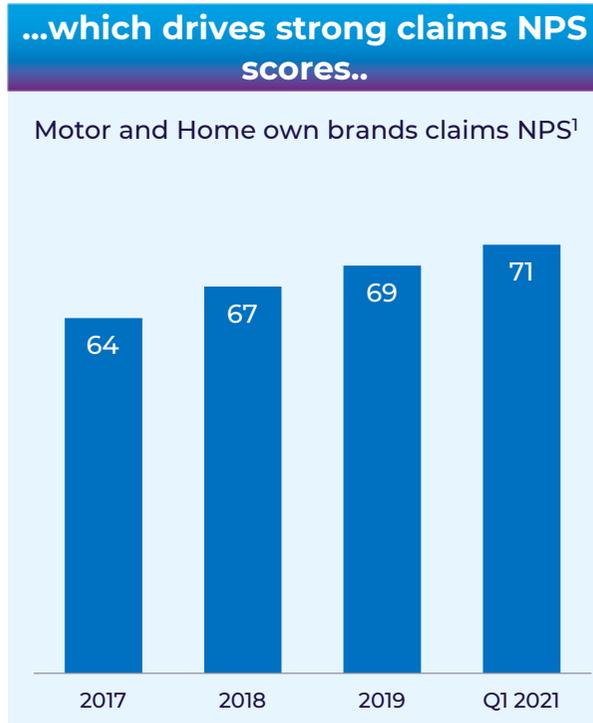
Fix-it
Identify the issue, own it and fix it



Empathy
Understand me and work hard to build a relationship

- We've used our claims capabilities to create a unique set of claims led customer propositions for Direct Line



Retention is higher for customers who make a claim

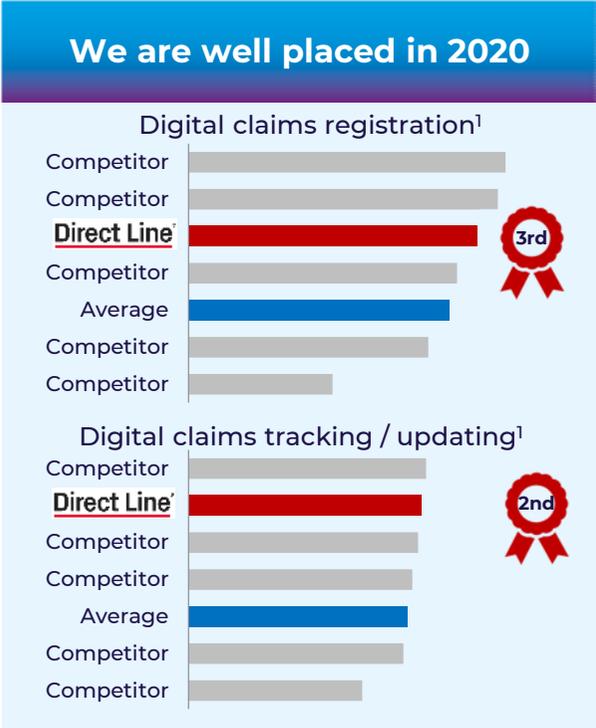


1. Data provided from research programme managed by The Leadership Factor. Raw data provided to DLG to calculate performance and regular checks in place to ratify calculation across TLF and DLG. Motor NPS based on own brands, Home NPS based on Direct Line and Churchill and Partners and weighted based on prior year claims volumes, Surveys completed at closure of claim
 2. Own brands (Direct Line, Churchill, Privilege)

2 Efficient claims handling: How digital first claims is helping us deliver automated journeys at lower cost

Advanced digital and AI capabilities

- Online First Notification Of Loss (FNOL) 90% of claim types across Home and Motor
- Direct booking of repairs at FNOL via integration / automation
- Damage evaluation calculator to identify total losses at FNOL
- Online motor repair tracker with SMS / email updates
- Full digital end to end journey for simple home claims



Future focus

- Optimise current customer journeys
- Build a claims tracking hub
- Build more end to end straight through journeys
- Delivery of initiatives using agile principles

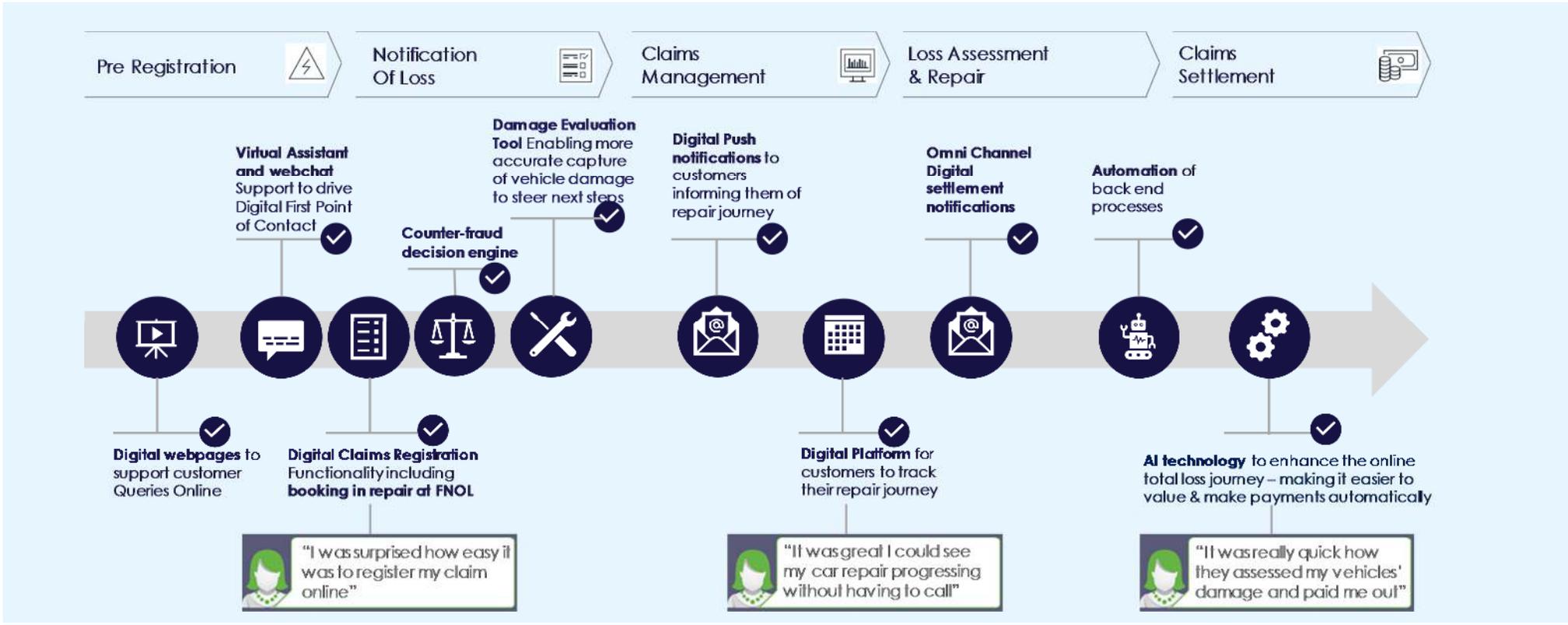
Using digital capabilities to target a 20% reduction in our cost to serve



1. Independent benchmark based on user experience testing by 990 consumers across 7 of the UK's leading personal lines insurers' websites. Conducted by Lumivo Ltd.in July 2020

2

Efficient claims handling case study: Making claims journeys easier for our customers and lower cost for us

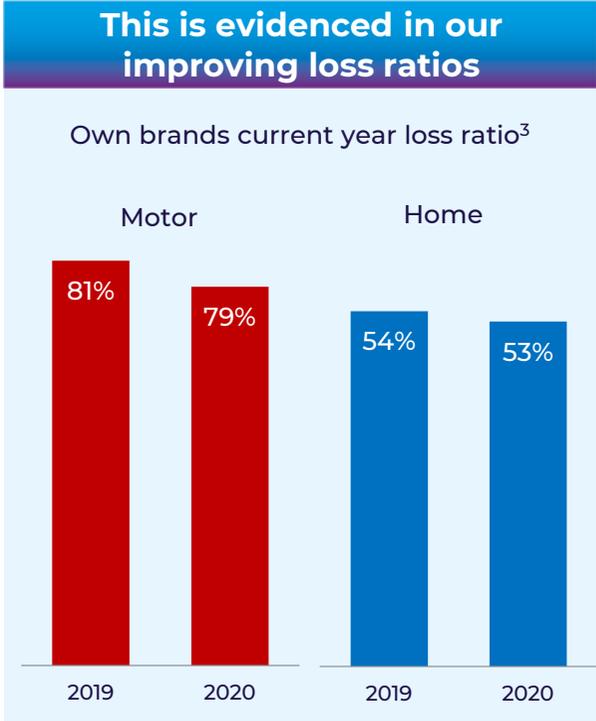
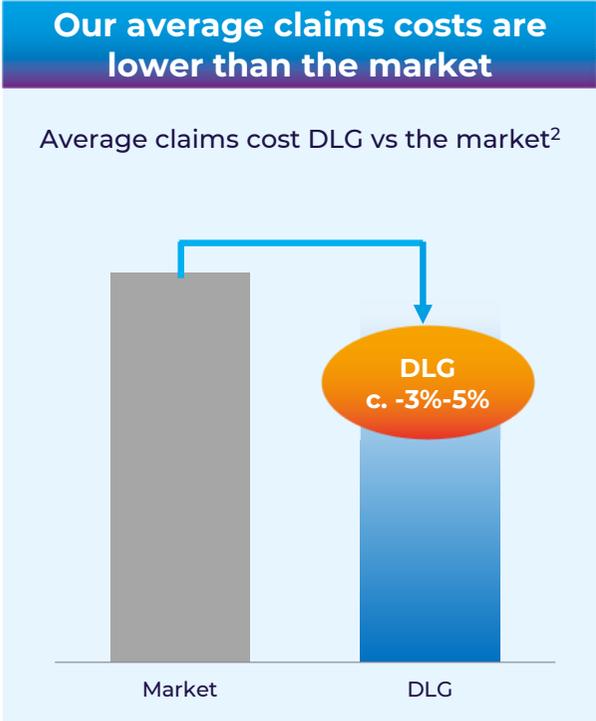


Our vertical integration with DLG Auto Services has enabled some unique digitalisation capability

3 Top quartile indemnity control: How our model creates advantage

Our indemnity advantage is enabled by

- **DLG Auto Services** – vertical integration delivers a lower cost of repair
- **Integrated supply chain** – using our scale and influence
- **Counter fraud** – number 1 for motor claims counter fraud detection¹ for 7 out of the past 8 years
- **Pro-active claims handling** – specialist teams manage claims faster and reduce leakage
- **Continuous improvement** - fuelled by data and insight

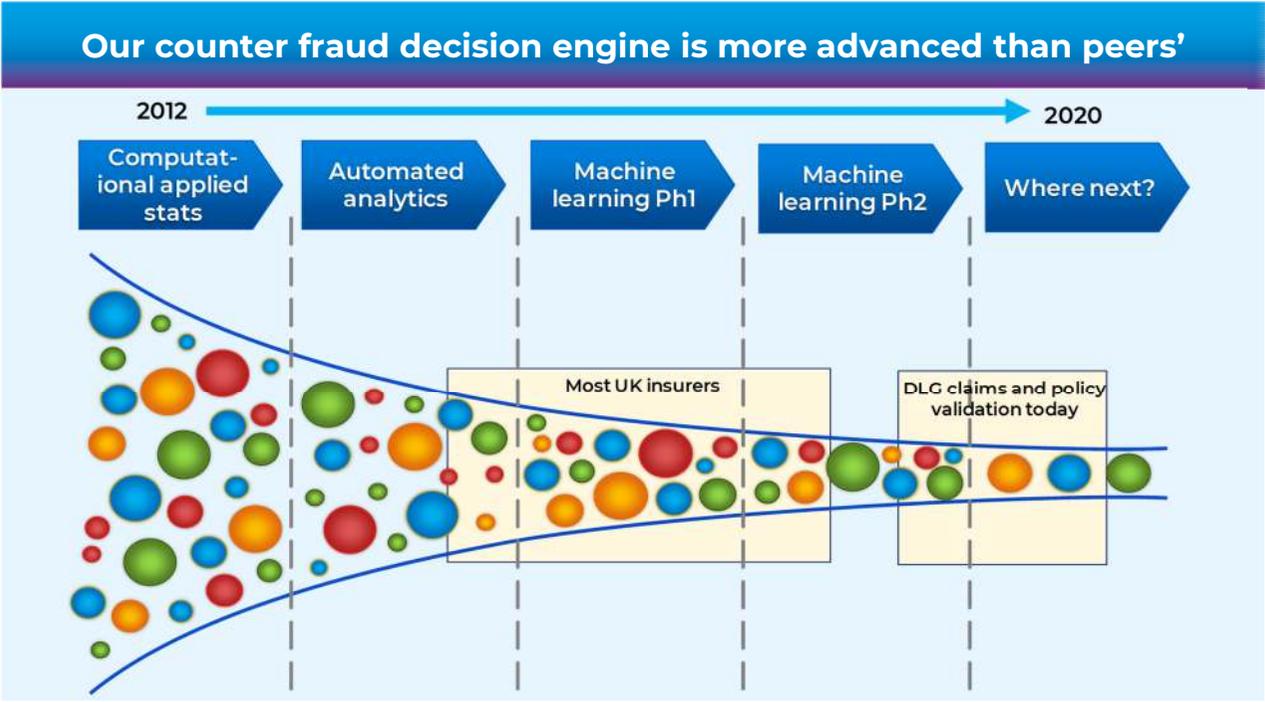
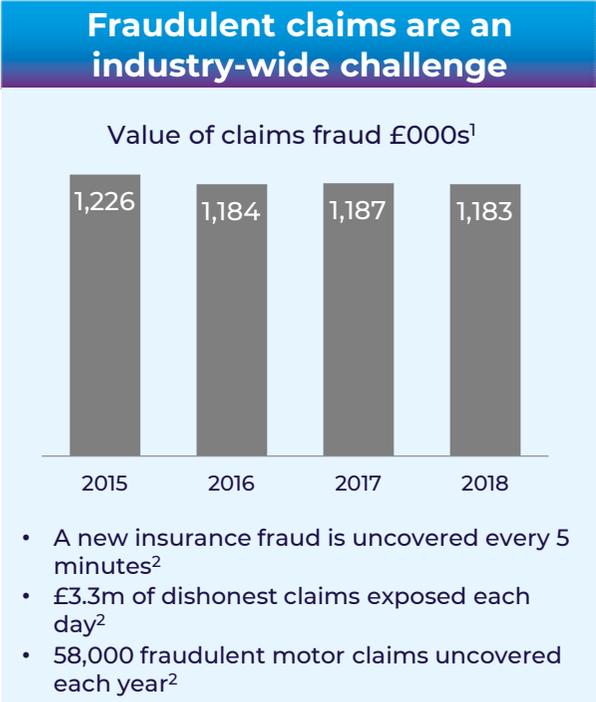


We deliver better than market average claims costs at scale



1. As reported by the ABI, on a value basis
 2. Management estimate for motor and home based on a range of benchmark studies
 3. Current year attritional loss ratio excludes weather and prior year release. 2020 reported Motor current year loss ratio was 66.6% which includes c. 12.5pts due to Covid impact on claims frequency

3 Top quartile indemnity control: Advanced counter fraud capabilities, including data and AI



We detect more motor claims fraud than peers²



1. Total value of claims fraud as reported by The ABI
 2. Source: The ABI

Paul Nightingale

**Director of Motor
Networks and
Engineering Services**

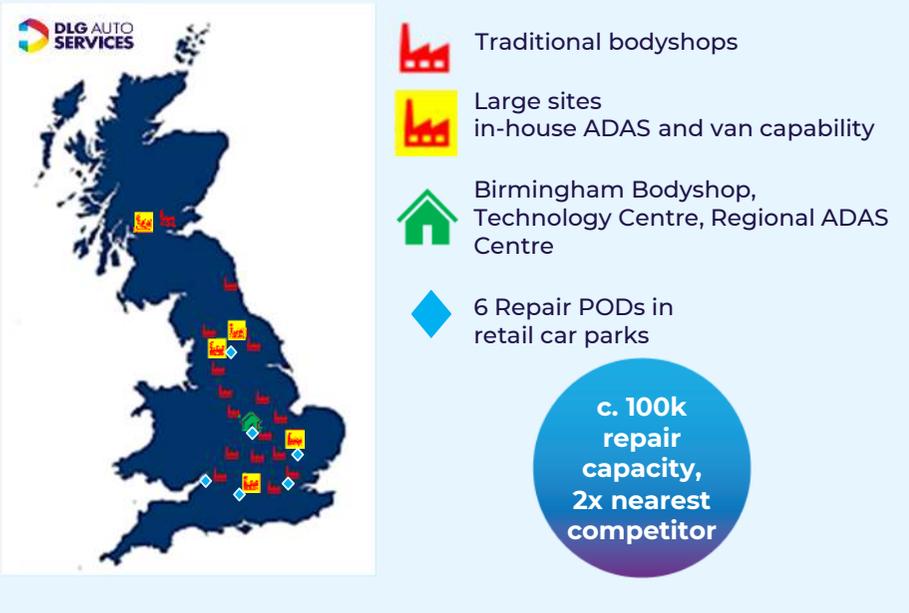


Our vertically integrated motor claims model (DLG Auto Services) is a key differentiator for control, insight and data

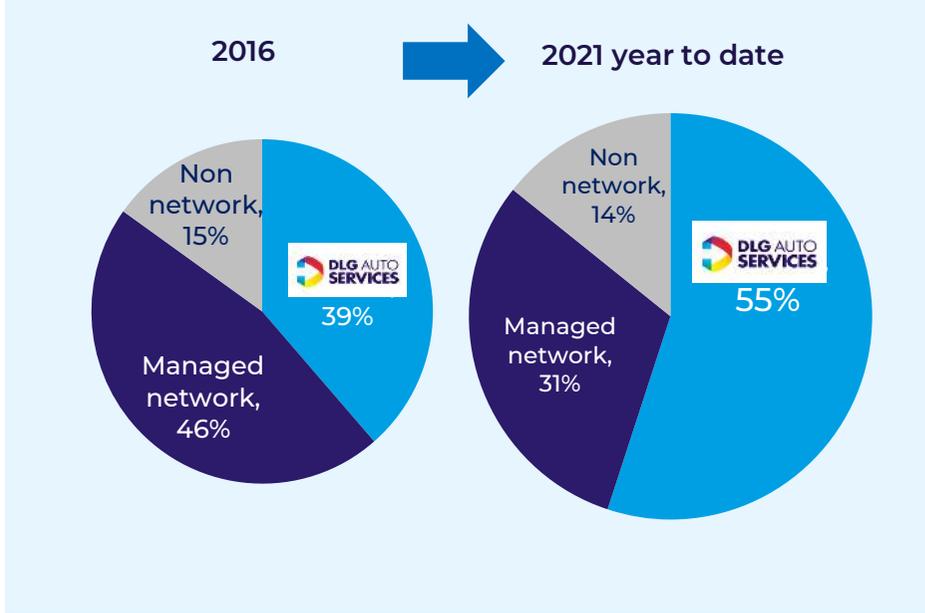


3 Top quartile indemnity control: Our vertically integrated motor claims model is a key differentiator

We have the largest insurer owned repair network with 22 sites

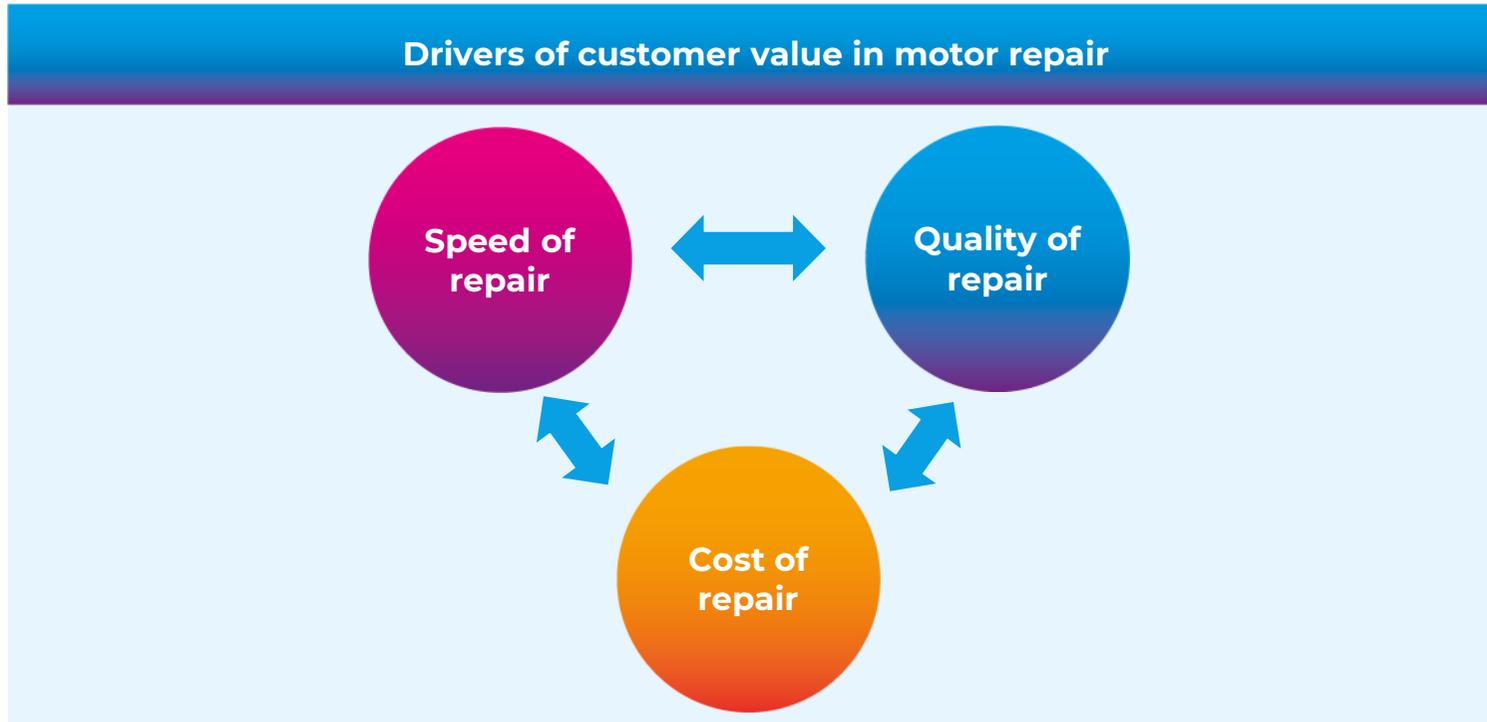


The majority of our repairs are carried out by DLG Auto Services



DLG Auto Services gives us a unique scale and cost advantage

3 Top quartile indemnity control: Customer value and financial performance are fully aligned



DLG Auto Services gives us more control over the value drivers

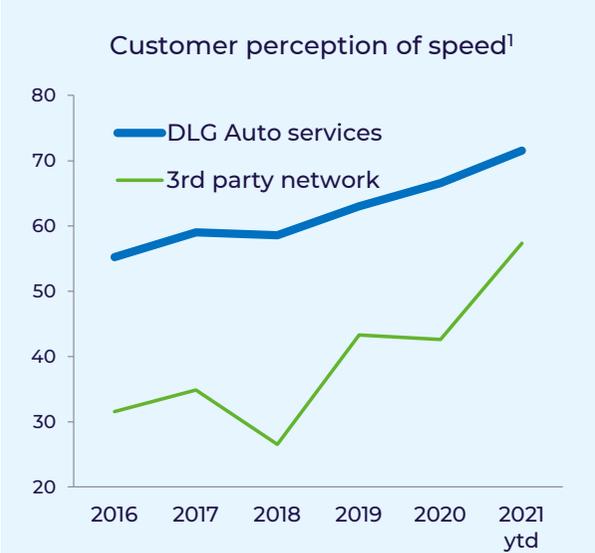
3 Top quartile indemnity control: DLG Auto Services provides a sustainable advantage and insight to drive performance across our repair network

Our vertically integrated claims model is a key differentiator

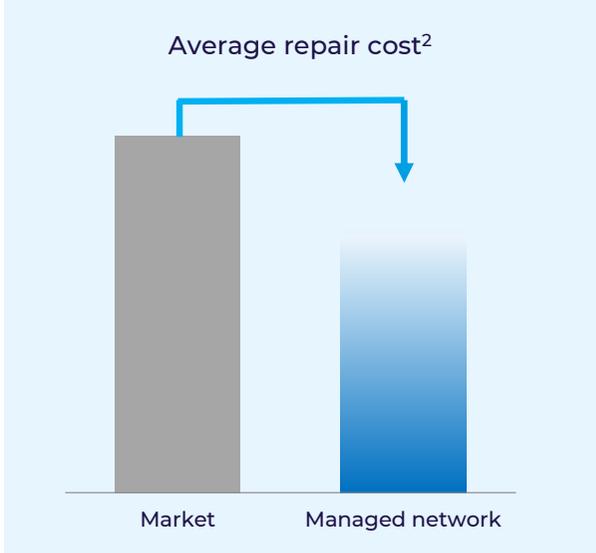


- **Customer service** – we believe we deliver top quartile repair NPS
- **Operating efficiency** – we have the ability to optimise repair capacity
- **Indemnity control** – our scale and insight and ability to influence car manufacturers

DLG Auto Services delivers shorter repair times....



...and provides a double-digit repair cost advantage



Indemnity advantage fuelled by data, AI, digital and engineering expertise



1. Repairer scores based on Motor own brands. Surveys completed after repair completed.. The net speed score is the number of customers who are 'Promoters' (9 & 10 out of 10 on satisfaction level) less the number of customers who are 'detractors' (0 to 6 inclusive out of 10) . The score is based on % of promoters-% detractors and is a net score based on the question how satisfied were you with the speed of repair? Where 0 = completely dissatisfied and 10 = completely satisfied
 2. Management estimate based on 2019 non network repair cost, indexed to 100

4 Innovating for sustainability: DLG Auto Services is a key differentiator in a rapidly changing market

We have an advantage in a fast changing market

- **Digital technology** – using digital, data and AI to improve the customer experience
- **Vehicle technology** – ability to keep ahead of evolving car tech
- **Net zero** – supporting the Group's net zero ambition

Case study: How we're using digital, data, and AI – the virtual engineer

FNOL: Customer calls one of our agents

The agent uses our virtual engineer to diagnose repair or total loss decision

External Area	Status	Additional	Status
Front Bumper	Red	Airbag	Selected
Bonnet	Medium	Front Panel	Selected
OS Headlamp	Selected		
OSF Wing	Red		
Front Screen	Selected		
Front Door	Light		
OSF Type	Selected		
OSF Wheel	Selected		
OS Mirror	Medium		

Manufacturer	Model	Registration	Year	Postcode Area
RENAULT	CLIO	DEMOS	2012	BMS

Decision Outputs

Status: **Total Loss**

Engineer to Review: **Yes**

Customer Claiming? Yes No

Text Interaction? Yes No

Schedule Customer Call-back?

Reason for call-back not arranged (Red only):

Image Link Creation

Customer Accepted Mobile Link Option? Yes No

Reason for Image Link Not Accepted:

Username: CLK
Date: 15/06/21 13:48
Create E-Mail

The value of DLG Auto Services in a rapidly changing environment



4 Innovating for sustainability: DLG Auto Services enables us to be at the forefront of car technology

Investing in car technology

In-house technology training facility in Birmingham



Repair environment



ADAS calibration



Teaching centre

We pro-actively focus on the development of a diverse range of talent within our business, our programmes enable us to create exciting futures throughout the industry



DLG Auto Services is central to our net zero ambition



Make repairs much easier for our customers and put them safely back on the road, while delivering market leading performance. **In a way that is kind to the world we live in**

Be the 'force for good' to protect our planet

Planet
Care for the health of the planet in the same way we would care for our own

Performance
Evolve our business to give us a competitive edge in the world of tomorrow

People
Protect our environment for future generations

Over 1,800 electric and hybrid vehicles repaired¹



1. Between October 2019 and September 2020

Jessie Burrows
Managing Director,
Customer Sales,
Service, and Claims



Closing messages

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Today's Q&A panel



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CFO



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The Group's actual results of operations, financial condition and the development of the business sector in which the Group operates may differ materially from those suggested by the forward-looking statements contained in this document, for example directly or indirectly as a result of, but not limited to:

- United Kingdom ("UK") domestic and global economic business conditions;
- the direct and indirect impacts and implications of the coronavirus Covid-19 pandemic on the economy, nationally and internationally, on the Group, its operations and prospects and on the Group's customers and their behaviours and expectations;
- the trade and co-operation agreement between the UK and the European Union ("EU") regarding the terms, following the end of the Brexit transition period, of the trading relationships between the UK and the EU and its implementation, and any subsequent trading and other relationship arrangements between the UK and the EU and their implementation;
- the terms of trading and other relationships between the UK and other countries following Brexit;
- market-related risks such as fluctuations in interest rates and exchange rates;
- the policies and actions and/or new principles, rules and/or regulations and/or changes to, or changes to interpretations of existing principles, rules and/or regulations of regulatory authorities and bodies (including changes related to capital and solvency requirements or to the Ogden discount rate or rates or in response to the Covid-19 pandemic and its impact on the economy and customers) and changes to law and/or understandings of law and/or legal interpretation following the decisions and judgements of courts;
- regulations and requirements arising out of the FCA pricing practices review and changes in customer and market behaviours and practices arising out of that review and such regulations and requirements;
- the impact of competition, currency changes, inflation and deflation;
- the timing, impact and other uncertainties of future acquisitions, disposals, partnership arrangements, joint ventures or combinations within relevant industries; and
- the impact of tax and other legislation and other regulation and of regulator expectations, interventions and requirements and of court, arbitration, regulatory or ombudsman decisions and judgements (including in any of the foregoing in connection with the Covid-19 pandemic) in the jurisdictions in which the Group and its affiliates operate.

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