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- 30+ years of industry experience

- Founded PCMI in 2012

![PCMI — Your Technology Partner logo]

DOUG BELL

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- 30+ years with Nissan Extended Services N.A.

- Founded Extended Warranty & Service Contract Consulting in January 2020

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- Involved with Manufacture OEMs since 1985

- Lead consultant for 8 OEMs

BEECHER CARLSON
PART OF THE BROWN & BROWN TEAM

AGENDA

Mark, Doug and Greg discuss the admin system lifecycle and how your current system could potentially be constraining the ability to grow. We'll cover:

- How to know when it's time to replace your admin system
- Competing in today's Assurance Products marketplace
- The non-negotiables of a good admin system
- Tips for making a smooth business transformation

? **Q&A SESSION**

If you're thinking about digital transformation now…

YOU ARE ALREADY BEHIND YOUR COMPETITORS!

- At the start of the 21st Century this might have been OK (That's two decades ago now!)

- The last decade has experienced an acceleration of technology that is unprecedented in modern times

- This rapid advancement has put all companies at risk that have not yet made a Digital Transformation

If you're still using proprietary hardware and software originally created in the 20th century…

YOUR CLOCK IS TICKING!

What can you do now and where do you start?

- **No matter how experienced you are…** This is a once in a career business transformation so hard to fall back on your experience to help you though this…

- **This is the purpose of today's webinar!** To assist you with the thinking and the steps necessary to take this project from an idea to reality…

- **This is beyond your own Business Unit!** Identify both internal and external stakeholders…

THERE'S NO MAGIC FORMULA!

Whether you're a TPA, OEM or Insurance Co.?

- **Each one is slightly different!**

- **But all have one thing in common!**

  - Business Transformation

  - Focus should be on a system that lets you compete in today's Assurance Products Marketplace

    - Multitude of Product Choices
    - Multiple Providers
    - Multiple Insurers
    - Dealers Choice of eMenu/DMS Integration
    - Hosting Rates and Form or Access some or all via APIs
    - Incentive Programs/Reinsurance
    - Claims
    - Remittance Options

WHAT IS YOUR STATUS QUO STATUS?

Technology

- **Still on a mainframe?**

- **What are your limitations or pain points?**

  - Products
  - Providers
  - Choice of Menus
  - Ability to do business with any new or used dealer in the US?
    - Only "franchise dealers"
    - Only OEM branded franchise dealers?
  - English Language & US$ or Any L & C
  - Incentive/Reinsurance Programs
  - Remittance

NO PAIN! NO GAIN!

It will not get any easier!

If you have pain points now, they will continue to grow

Companies with strong balance sheets invested in Technology during 2009/2010 (recession) and again in 2020/2021 (Covid)

Myriad of M&A activity in the industry

o Strong cash flow

o Better than average profits

o Industry fragmentation

o Forecast industry growth

Franchise Dealer Ownership

o Franchise OEM dealers were largely single proprietorships in 2008 (60%), now that # has decreased to 40%

o Multi-store ownership still growing (2-10 stores and the 11+ stores)

If you do not start the process now, companies that invested in new technology or acquired new technology will slowly chip away at your business!

Product by product and dealer by dealer

NON-NEGOTIABLES

New Administration System Must Haves!

Single Sign On (SSO)
Yes or No ✓

Modular System
Which modules did I need, now? In the future? ✓

Security, Redundancy and Disaster Recovery ✓

Configurable by the Business Unit (Shadow IT) ✓

Customer Experience (CX)
GAP Claims ✓

DID YOU KNOW?

Three Things!

1

There's only a handful of companies to choose from if you are going to outsource a new Administration System

There are several companies in each sector (Insurance Companies, TPAs, OEMs) that have spent millions over the past decade trying to build a new DIY Assurance Products Administration System and still do not have a completed-workable solution and now it may already be partially outdated

2

Moore's Law

PCMI outsources hardware and hosting to RackSpace and combined continuous improvement updating both hardware and software so it is always state-of-the-art/best in class
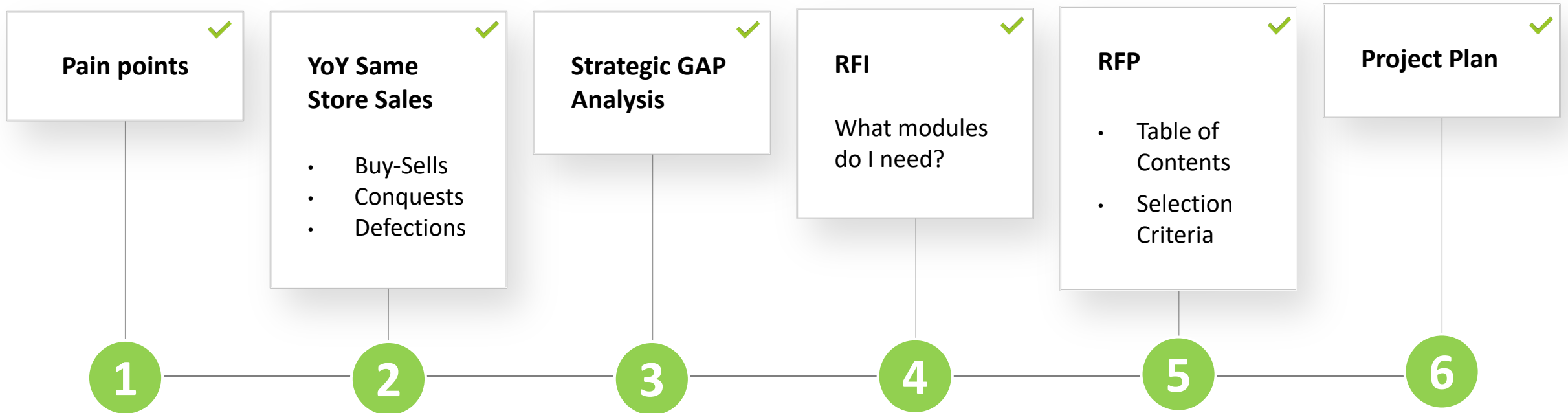
3

Budget saving by sunsetting your old admin system

That paying for a new admin system can be as simple as a few dollars per contract with no money down and no maintenance or licensing fees

STEP BY STEP?

How Do I Get Started!

Pain points ✓

YoY Same Store Sales ✓
- Buy-Sells
- Conquests
- Defections

Strategic GAP Analysis ✓

RFI ✓

What modules do I need?

RFP ✓
- Table of Contents
- Selection Criteria

Project Plan ✓

1   2   3   4   5   6

WHAT ARE YOU WAITING FOR?

How Do I Get Started!

You all have day jobs right? This is just another project added to an already full plate.

The flexibility, options, ability to control your own destiny; suddenly in the BUs hands makes this worth it!

- Dealers will be able to remit all products directly with you
  - Private label business stays private
  - Dealer will not have to remit to three or four different providers depending on the administrator
- Choice of over 30 eMenus
- DMS Integration
- Integrated single use Credit Card system for paying claims
- AR file options to pay via Franchise Dealers Part Statements or non-franchise dealers ACH

Internal Analysis will take several months as well as the RFP process

- Once you've chosen a supplier for you new admin system the conversion process can be completed in as little as 12 months
- So if you do not start now the project timeline keeps on pushing out months or even a year at a time

COMPETING IN TODAY'S ASSURANCE PRODUCTS MARKETPLACE

Yesterday

- High focus on VSC
- Minimal GAP or ancillary products
- Less competitive for OEMs
- Minimal dealer reinsurance programs

2020's

- Full product offering
- Pricing flexibility
- Extremely competitive
- Nearly equal dealer reinsurance programs
- Retailers demand information

ADMINISTRATION SYSTEM NEEDS

Broad Information Management

- Warranty system modification insufficient
- Analytics and data
- Broad product management
- Reinsurance programs
- Information including actionable analytics

WHAT TO CONSIDER AS AN OEM

KEY DECISIONS

1. **What risk to assume**
   - VSC, GAP, Excess wear
   - Ancillary – Wheel, Key, Dent, Appearance

2. **How to assume risk?**
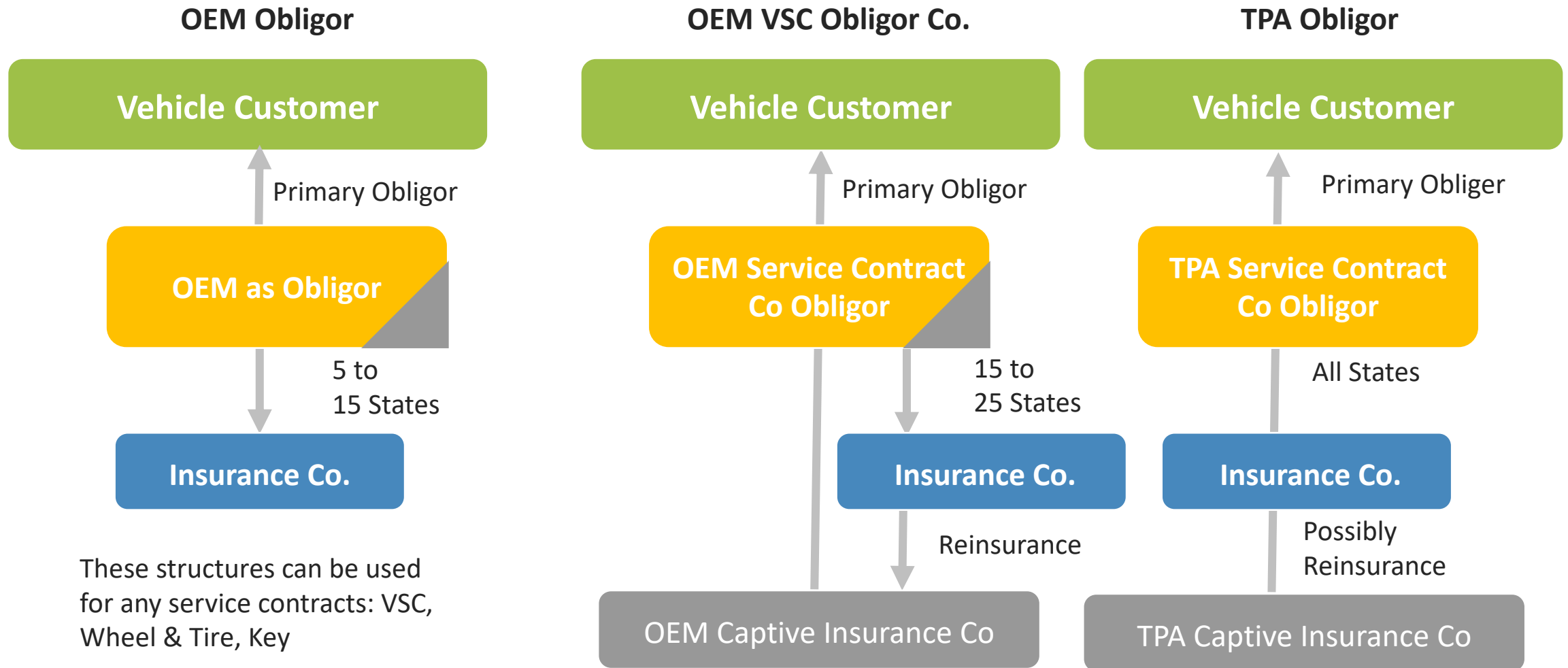
3. **Program management**
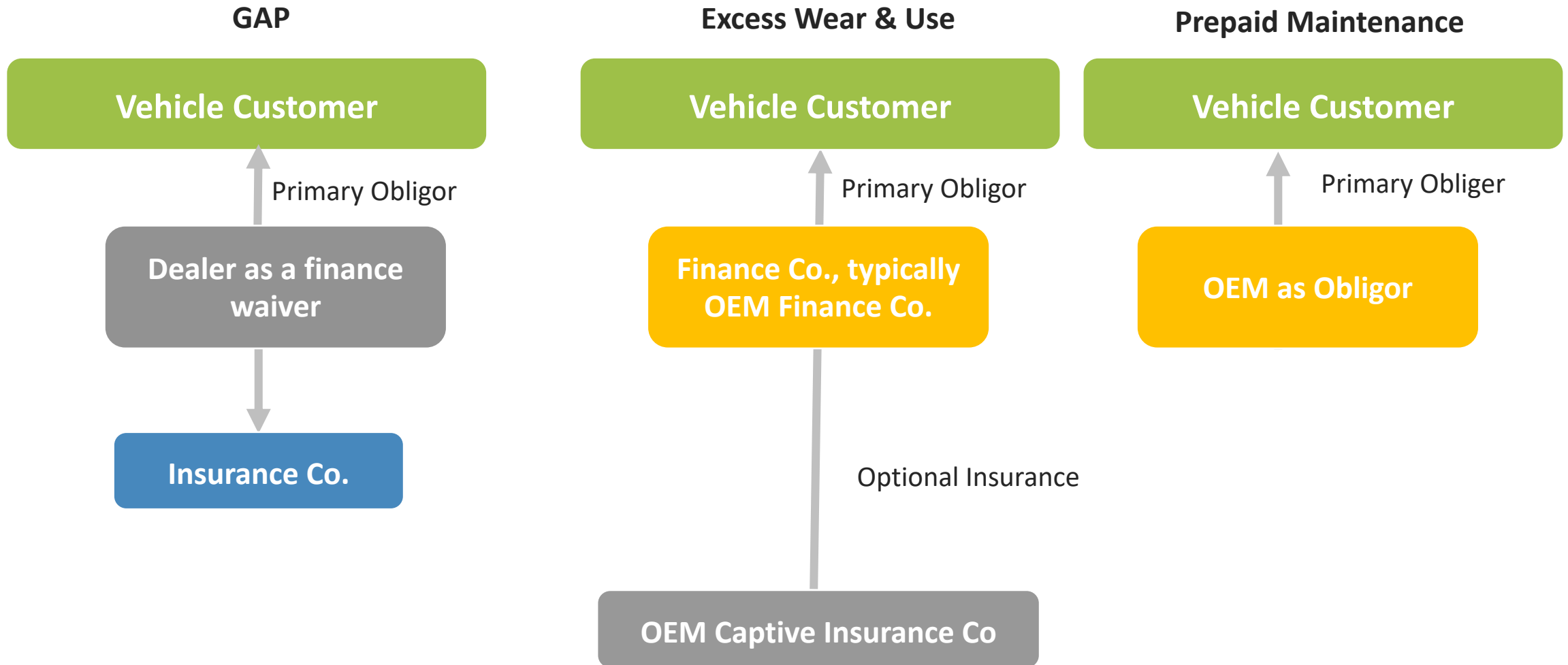   - Internal, TPA, Carrier

4. **Sales – Internal vs. External**

5. **What do you need?**

PROGRAM STRUCTURES – VSC BUSINESS

OEM Obligor

OEM VSC Obligor Co.

TPA Obligor

| Vehicle Customer | Vehicle Customer | Vehicle Customer |

Primary Obligor — **OEM as Obligor** — 5 to 15 States — **Insurance Co.**

These structures can be used for any service contracts: VSC, Wheel & Tire, Key

Primary Obligor — **OEM Service Contract Co Obligor** — 15 to 25 States — **Insurance Co.** — Reinsurance — OEM Captive Insurance Co

Primary Obliger — **TPA Service Contract Co Obligor** — All States — **Insurance Co.** — Possibly Reinsurance — TPA Captive Insurance Co

INFORMATION IS THE KEY

Actuarial pricing, performance and earning curves ✓

Sales performance – OEM and Dealer ✓

Financials ✓

Projections and prepare to evolve

- Electric Vehicles
- Telematics
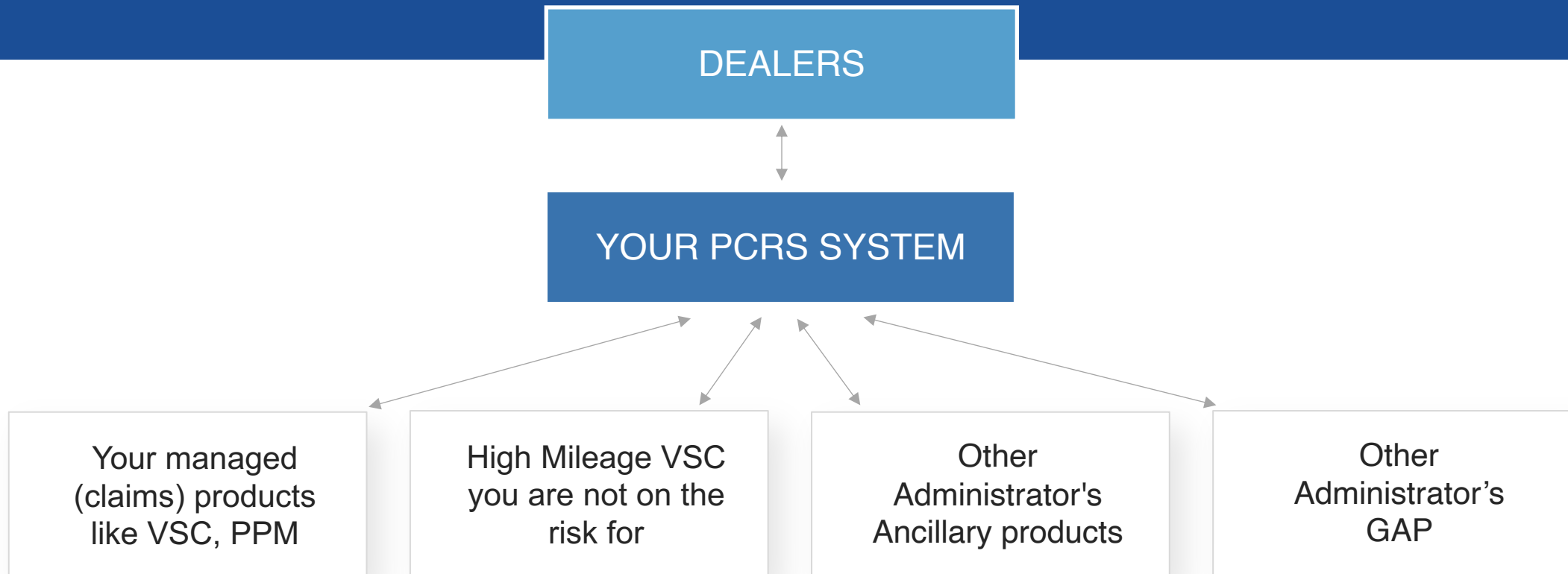
✓

PCRS HUB

- Let's you work with other admin to provide all products, so you have a complete solution for your dealers

- You can be the claims administrator on certain products or let others be the claims administrator on specialty products that you don't want to staff for, but you do 100% of billing for

- Real-time instant connections between you and administrators

- 100% control with your dealers

Control your sales channel

PCRS offers a hub for you to offer best-of-breed products to instantly diversify and expand your sales channels

DEALERS

YOUR PCRS SYSTEM

| Your managed (claims) products like VSC, PPM | High Mileage VSC you are not on the risk for | Other Administrator's Ancillary products | Other Administrator's GAP |

Provide one consolidated system

DEALERS

YOUR PCRS SYSTEM

Billing

Contract Status

Cancellation Reinsurance Statements

Loss Ratios

Performance Metrics

ADVANTAGES

- Single bill to the dealers

- Single commission to your agents

- Allows you to manage the relationship with other admins

- Simplifies your compliance obligations

- 100% view of all the contracts

- Option to do combined reinsurance cession statement for all lines of business

?

Q&A SESSION

WANT TO LEARN MORE?

SCHEDULE A DEMO

pcmicorp.com/request-demo

OPEN SALES PLATFORM

F&I REPORTING

POLICY ADMINISTRATION

CLAIMS ADMINISTRATION

RISK MANAGEMENT

PERFORMANCE REPORTING

REINSURANCE

NOTIFICATION CENTER