

Glossary

AA	The Automobile Association.
Breakdown	Term used in the industry to refer to any one of several types of incident which may require a motorist to call for assistance, including: <ul style="list-style-type: none">— mechanical or electrical failure immobilizing a vehicle in the course of a journey;— failure of a vehicle to start;— human error (for example loss of keys); or— involvement in a road traffic accident.
Breakdown cover	The insurance element of insured breakdown services .
Breakdown organizations	Organizations which sell insured breakdown services (but not including intermediaries).
Breakdown services	Roadside assistance, vehicle recovery and related services provided to motorists whose vehicles experience a breakdown . See insured breakdown service .
BSM	The British School of Motoring Limited: acquired by RACMS in 1997.
Bundled	Where two or more products or services are sold together for a single price.
Call-out rate	The annual ratio of call-outs to insured units of a breakdown organization .
Cendant	Cendant Corporation: a US company which is seeking to acquire RACMS .
Churn	The proportion of members of a breakdown organization which fail to renew their membership at the end of a year.
Club	The Royal Automobile Club. See also RACL .
CUC	CUC International, Inc: a US corporation, originally Comp-U-Card America, which merged with HFS in 1997 to form Cendant .
DETR	Department of the Environment, Transport and the Regions.
Direct retail	The sale of insured breakdown services by breakdown organizations directly to individuals.
Discretionary segment	The segment of the market for insured breakdown services in which individuals make their own decisions on choice of product and provider. Includes direct retail and purchase through or from intermediaries on an unbundled basis.
DoE(NI)	Department of the Environment, Northern Ireland.
DVLA	Driver and Vehicle Licensing Agency.
Fix rate	The proportion of breakdowns which the employees or agents of a breakdown organization repair at the side of the road, or at a place of safety nearby.

Fleet customers	Organizations which acquire and operate quantities of vehicles, whether for use in their business, for private use by employees or for supply to another organization under a fleet management contract.
Form 10-K/A	Annual report pursuant to section 13 or 15(d) of the US Securities Exchange Act of 1934.
Form 10-Q	Quarterly report pursuant to section 13 or 15(d) of the US Securities Exchange Act of 1934.
Garage contractors	Firms, independent of breakdown organizations , which provide breakdown services under contract to breakdown organizations or directly to motorists on a POU basis on their own account.
GRE	Guardian Royal Exchange Assurance Plc: acquired RAC Insurance Brokers Limited from RACMS in 1996.
Green Flag	Green Flag Group Limited and its subsidiaries. The group's main business is the provision of emergency assistance services, particularly insured breakdown services . Green Flag Group Limited is a subsidiary of NPC .
Heavy vehicles	Goods vehicles and buses, in each case with a maximum laden weight exceeding 3.5 tonnes.
HFS	HFS Incorporated: a US corporation, originally Hospitality Franchise Systems, Inc, which merged with CUC in 1997 to form Cendant .
Insured breakdown service	Normally, the effecting and carrying out of an insurance policy which, in return for a fixed premium, ensures that eligible motorists receive the following benefits when required: <i>(a)</i> access to a telephone call centre where breakdown services can be requested and arranged; and <i>(b)</i> specified breakdown services at no further cost to the motorist or the insured (other than the cost of parts). Organized POU services are also included within the meaning of the term, even though they are not insured, because of their similarity in other respects to the insured product.
Intermediary	An organization which sells to its customers or members un-bundled insured breakdown services which it acquires wholesale from a breakdown organization .
ITS	Intelligent transport systems.
Light vehicles	Cars; minibuses and goods vehicles up to 3.5 tonnes maximum laden weight; and motorcycles, scooters and mopeds.
Mandatory schemes	Arrangements made by financial institutions with breakdown organizations under which insured breakdown services are provided to individuals bundled with the purchase of motor insurance.
Member	In the context of a breakdown organization , the term is used to refer to:

- (a) subscribers; and
- (b) other motorists who are eligible to receive the benefits of the **insured breakdown services** provided by that organization and are treated as members or associate members under the terms of the policy.

Those falling within (a) are called personal members by the **AA** and individual members by **RACMS**.

Motor manufacturer schemes Arrangements made by motor car manufacturers with **breakdown organizations** under which **insured breakdown services** are provided to individuals **bundled** with the purchase of a new or, less commonly, used vehicle.

National Car Parks National Car Parks Limited: a subsidiary of **NPC**.

Non-discretionary segments The segments of the market for **insured breakdown services** in which individuals are provided with the services without making their own decisions on choice of product and provider. Include users of **fleet** vehicles, users of vehicles covered by **motor manufacturer schemes** and individuals buying packages of products or services in which **insured breakdown services** are **bundled** with other items (see **mandatory schemes**).

NPC National Parking Corporation Limited: owner of **Green Flag**, **UKI** and **National Car Parks**. Acquired by **Cendant** in April 1998.

OBD On-board diagnostics.

Organized POU A service offered under a contract as part of a package comprising the following elements:

- (a) access to a telephone call centre where **breakdown services** can be requested and arranged; and
- (b) organizing the provision of **breakdown services** each time the customer calls for such assistance on terms that the customer pays for the service each time it is used, often at pre-negotiated rates.

PHH PHH Corporation and Cendant Business Answers (Europe) Limited (formerly (PHH Europe Plc): a US company and its UK subsidiary whose main business is the provision of vehicle management services, corporate relocation services and fuel cards (the US parent company also provides mortgage services). Acquired by **HFS** in 1997.

POU Pay on use.

Private and light goods An expression used by **DVLA** when referring to vehicles taxable under Part I of Schedule 1 to the Vehicle Excise and Registration Act 1994. By far the largest categories of vehicle in this taxation class are: (a) cars (ie passenger vehicles with fewer than nine seats excluding motor bicycles and three-wheelers); and (b) goods vehicles with a maximum laden weight up to 3.5 tonnes.

RAC The brand name under which **RACMS** supplies **insured breakdown services**.

RAC group The **Club**, **RACL** and their subsidiaries and affiliated bodies as they were until the reorganization of July 1998.

RAC Holdings	RAC Holdings Limited: the ultimate holding company of RACMS . Shares in RAC Holdings were distributed to the life members and full members of the Club as they were at 8 July 1998.
RACL	Now an unlimited company named RAC but formerly The Royal Automobile Club Limited. Before the reorganization in July 1998, its members consisted of the life members and full members of the Club and its directors constituted the Club committee. It is now a subsidiary of RAC Holdings , through an intermediate company, RAC Acquisitions.
RACMS	RAC Motoring Services Limited: a subsidiary of RACL which is involved in the provision of insured breakdown services and related services. Also owner of BSM .
Recovery	The transportation of a broken-down vehicle to a garage or other destination, whether by towing, carrying or other means.
Roadside assistance	Attendance at a broken-down vehicle in order to diagnose and, where possible, repair the fault or arrange supplementary services.
SEC	Securities and Exchange Commission: the principal regulator of the US securities market.
Telematics	The use of satellite and telecommunications networks to provide a variety of services to drivers relating to security, assistance, traffic information and fault diagnosis.
UKI	UK Insurance Limited, a subsidiary of NPC . It underwrites Green Flag's insured breakdown services business.
Unbundled	Where a product or service is sold not bundled with any other product or service.