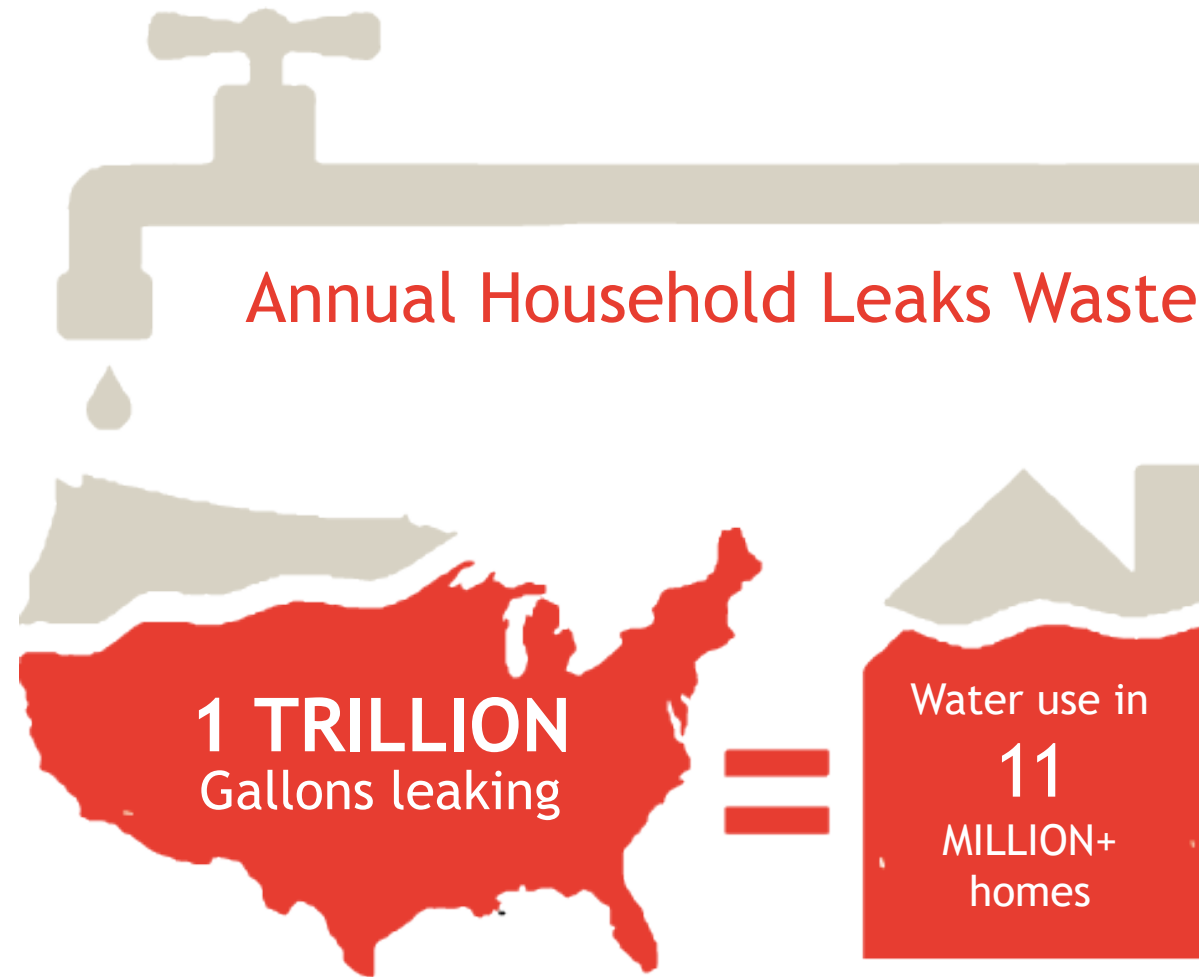




HomeServe®

Solutions for **Municipalities, Utilities, and Homeowners**

Infrastructure challenges - a national problem



Leaks are painful for utilities/municipalities and homeowners





HomeServe

part of the solution

We provide peace of mind for homeowners through partnerships with utilities and municipalities



Strategic Partnerships with Key National and Local Associations



*Affinity partner of the NRWA and
multiple state rural water associations*



**NLC Service Line
Warranty Program**



*Endorsed by NLC and multiple state
municipal leagues*





Leak Protection

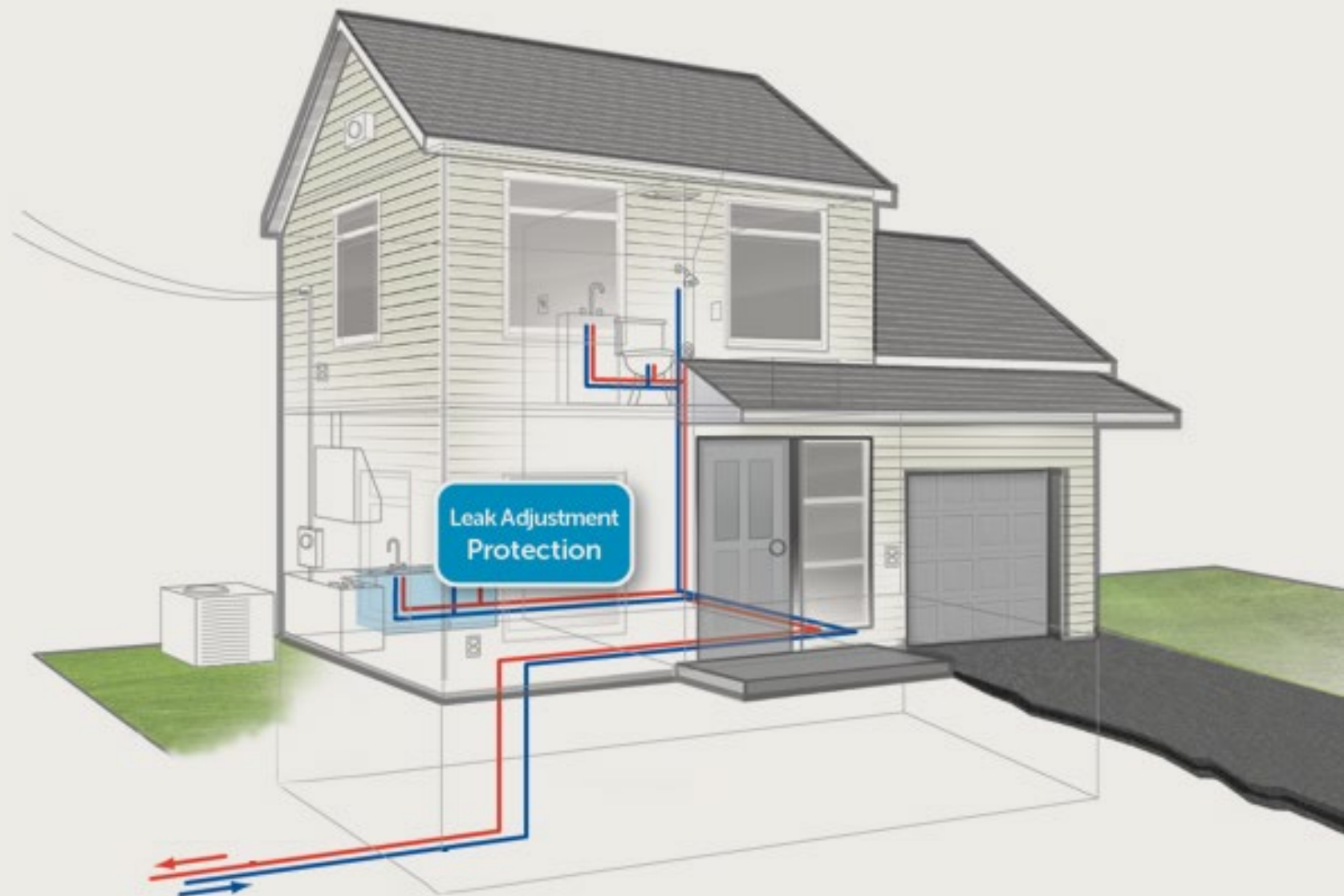


SERVLINE
by HomeServe®

Affinity partner of



**NATIONAL
RURAL WATER
ASSOCIATION**



Customer pain can lead to dissatisfaction with the utility



Customer receives a \$1,000 water (normally \$50)

Customer calls the utility and learns about leak adjustment policy:

- Customer owes \$525
- Utility writes off \$475

Customer is highly dissatisfied with the Utility and feels water leaks are their responsibility

Customer communicates their unhappiness to family, friends, and their community

ServLine turns a difficult situation into a moment of delight



Customer receives a \$1,000 water (normally \$50)

Customer calls the utility and learns they are covered with ServLine:

- Customer pays \$50
- ServLine pays Utility \$950
- Utility pays \$0

Customer is delighted with the Utility

Customer is an advocate for the Utility



Actual Financial Impact on Utilities

| Real Utilities | Financial Impact |
|------------------------------|------------------|
| 4,500 Residential Customers | \$30,780 |
| 4,300 Residential Customers | \$68,332 |
| 8,600 Residential Customers | \$54,468 |
| 10,000 Residential Customers | \$107,560 |
| 29,500 Residential Customers | \$313,252 |

LEAK VOLATILITY AND THE FINANCIAL RISK

Actual Utility Leak Adjustment Data with 5600 connections

| 2011 | | | 2012 | | | 2013 | | |
|-------------------|------------|---------------------|-------------------|------------|---------------------|-------------------|------------|---------------------|
| Range | Incidents | Adjustments | Range | Incidents | Adjustments | Range | Incidents | Adjustments |
| \$0 - \$500 | 158 | \$ 28,301.80 | \$0 - \$500 | 116 | \$ 20,698.12 | \$0 - \$500 | 133 | \$ 26,383.42 |
| \$500 - \$1,000 | 28 | \$ 20,037.78 | \$500 - \$1,000 | 22 | \$ 16,864.50 | \$500 - \$1,000 | 16 | \$ 10,914.97 |
| \$1,000 - \$2,500 | 6 | \$ 9,187.62 | \$1,000 - \$2,500 | 7 | \$ 11,468.17 | \$1,000 - \$2,500 | 10 | \$ 14,663.63 |
| Over \$2,500 | 3 | \$ 11,620.22 | Over \$2,500 | 3 | \$ 9,316.45 | Over \$2,500 | 2 | \$ 6,406.60 |
| Totals | 195 | \$ 69,147.42 | Totals | 148 | \$ 58,347.23 | Totals | 161 | \$ 58,368.62 |

| 2014 | | | 2015 thru June | | | Annualized | |
|-------------------|------------|----------------------|-------------------|-----------|---------------------|------------|---------------------|
| Range | Incidents | Adjustments | Range | Incidents | Adjustments | Incidents | Adjustments |
| \$0 - \$500 | 192 | \$ 36,464.94 | \$0 - \$500 | 68 | \$ 13,448.12 | 136 | \$ 26,896.23 |
| \$500 - \$1,000 | 42 | \$ 28,655.37 | \$500 - \$1,000 | 8 | \$ 5,620.00 | 16 | \$ 11,240.00 |
| \$1,000 - \$2,500 | 23 | \$ 34,625.22 | \$1,000 - \$2,500 | 12 | \$ 16,979.57 | 24 | \$ 33,959.13 |
| Over \$2,500 | 4 | \$ 16,258.88 | Over \$2,500 | 3 | \$ 10,513.68 | 6 | \$ 21,027.37 |
| Totals | 261 | \$ 116,004.40 | Totals | 91 | \$ 46,561.37 | 182 | \$ 93,122.73 |



Win-Win - Lower cost while improving customer satisfaction

Minimize unnecessary cost exposure and liability

Protects the Utility

- Reimbursement for water loss
- No cost to utility/municipality
- Customizable protection limit

Protects the Customer

- Eliminates financial burden
- No deductible/No hidden fees
- Low cost (\$1-2/mo)

Improve the customer experience and customer relations

- Automatic enrollment with customer choice to decline
- 96% customer participation rate
- Simple claims process

Reduce workload (time and labor) associated with leak adjustments

- Full claims administration
- Frees up utility/municipality resources

Peace of mind

- Leak protection backed by top tier underwriters
- Backed by HomeServe, a trusted partner of over 900 Municipal, Utility and water association partners in North America



Proven Solution

Proven Track Record of Customer Participation

- Customers want this protection - 96% customer participation Nationwide
- Customer participation increases over time - 99% customer participation with longest running utility

Proven Track Record of Utility and Customer Satisfaction

- 148 water utilities partnered with ServLine
- 70%+ higher customer satisfaction with Utility because of ServLine claim

Backed by National Associations

- Affinity partner of National Rural Water Association
- Partnership with 29 State Rural Associations

Service Line Repairs

NLC Service Line Warranty Program

by

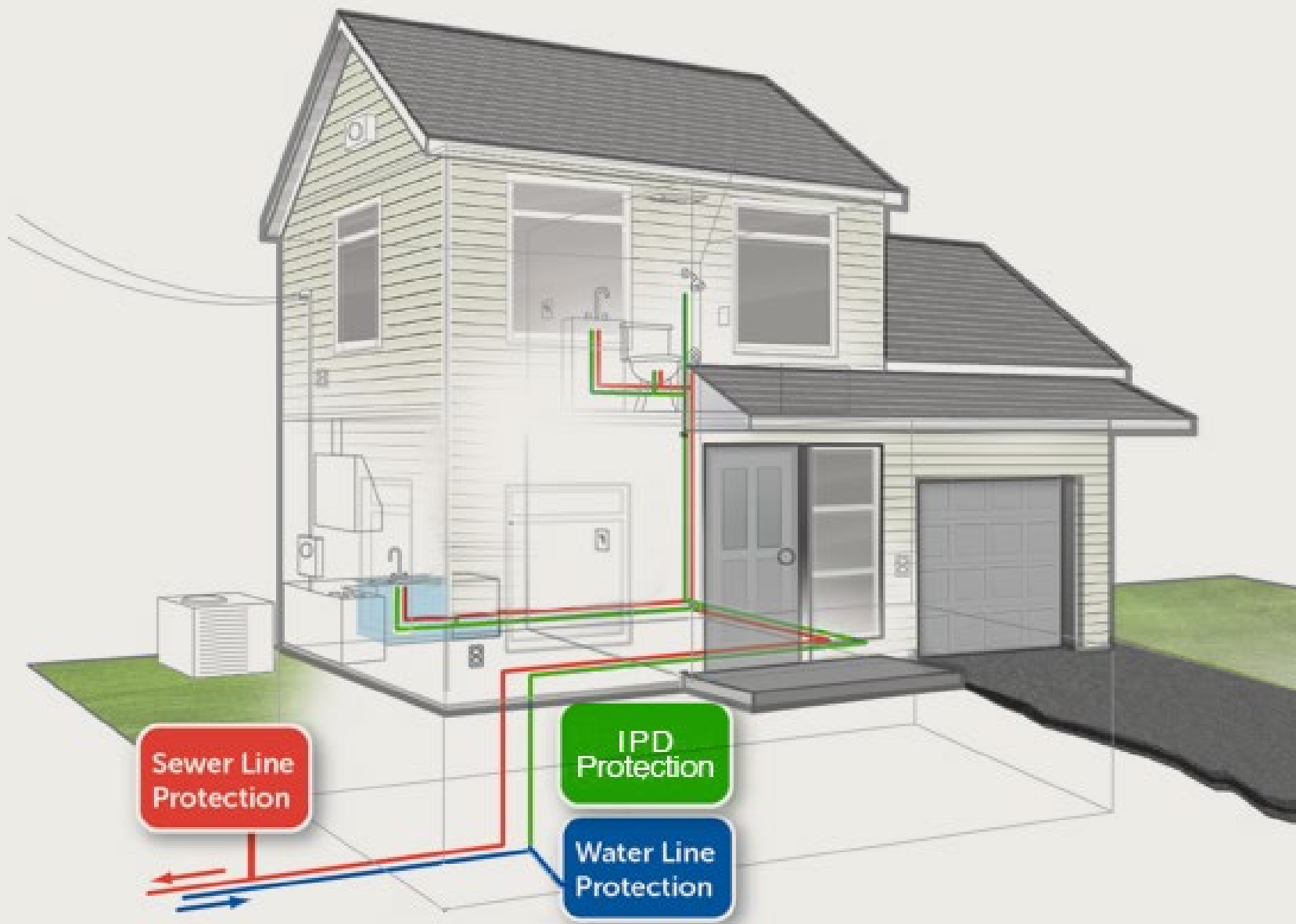


Endorsed by



NATIONAL
LEAGUE
OF CITIES

CITIES STRONG TOGETHER





Solution for Municipalities/Utilities and Residents

- Offers optional low-cost protection against potentially expensive water and sewer line repairs
- Educates residents about their responsibility for these lines
- Turnkey program - provides marketing, billing, claims, customer service
- Enhances the local economy through use of local-area contractors
- No cost to cities to participate, revenue share available

NLC Service Line
Warranty Program

by





Water/Sewer Coverage



WATER LINE COVERAGE



SEWER LATERAL COVERAGE

- Up to (\$8,500 or \$10,000) coverage per incident for repair/replacement of leaking, clogged or broken lines from the point of utility connection to the home exterior
- In-home plumbing - up to \$3,000 per incident on all water, sewer, and drain lines inside the home after the point of entry
- No annual or lifetime limits, deductibles, service fees, forms or paperwork
- 24/7/365 availability
- Repairs made only by licensed, local area contractors



In-home Plumbing Coverage



IN-HOME PLUMBING AND DRAINAGE COVERAGE

- Up to \$3,000 per incident on all water, sewer, and drain lines inside the home after the point of entry
- No deductibles, service fees, forms or paperwork
- 24/7/365 availability
- Repairs made only by licensed, local area contractors

Homeowner education

- Simple direct mail - indicating the program is optional
- Must be approved by the city/utility





Revenue share and other benefits to city/utility

- Non-tax revenue can be estimated at \$0.50 per product, per month
- Cities utilize funds for important initiatives including:
 - ✓ Infrastructure improvements
 - ✓ Low-income assistance/community charities
 - ✓ Partially offset rate increases
- Saves money for residents that can be re-invested in the local economy
- Reduces calls to the city
- Timely repairs reduce water loss from line breaks

Why should municipalities/utilities offer this program?



BECAUSE an unforeseen repair expense could be hard on a budget.



BECAUSE homeowners believe service line repairs are the City's responsibility.



BECAUSE without a referral, your citizens may use inferior contractors.



BECAUSE the City can further help its residents by generating funds for important programs.



BECAUSE your homeowners deserve the very best customer experience.

**NLC Service Line
Warranty Program**

by





THANK YOU!

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