

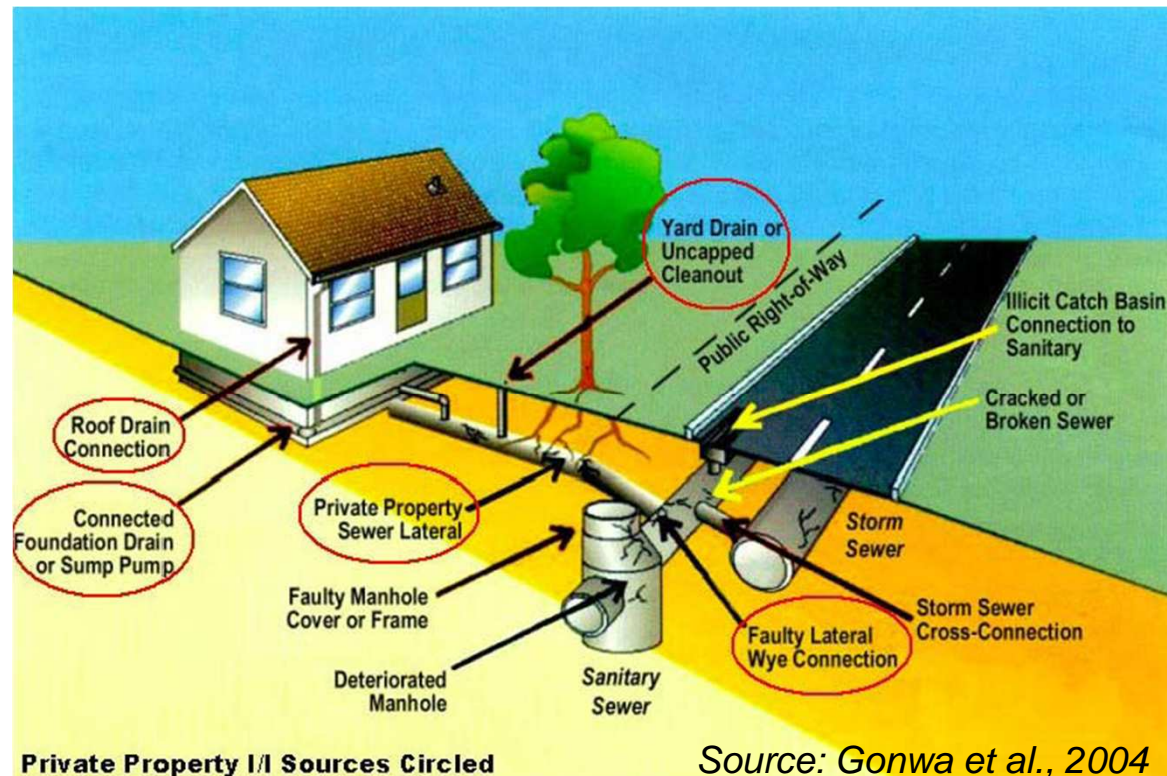
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Utility Partnership Program for Water and Sewer Lateral Protection

Rick van den Dungen Bille
February 3, 2011



Private Property I/I Sources



Estimates ranged drastically from 7 percent to 80 percent; the average estimate of I/I contribution from private laterals was 24 percent (WERF, 2006).

Substantive Progress on Private I/I Issues can be a Political and Customer Service Minefield

- The cost of unanticipated home utility repairs can be devastating to your customers - especially in these difficult economic times.
- Breaking the news to customers that the responsibility for repairs lies with them can be a very difficult conversation.
- Homeowner's Insurance rarely covers the repairs (gap)



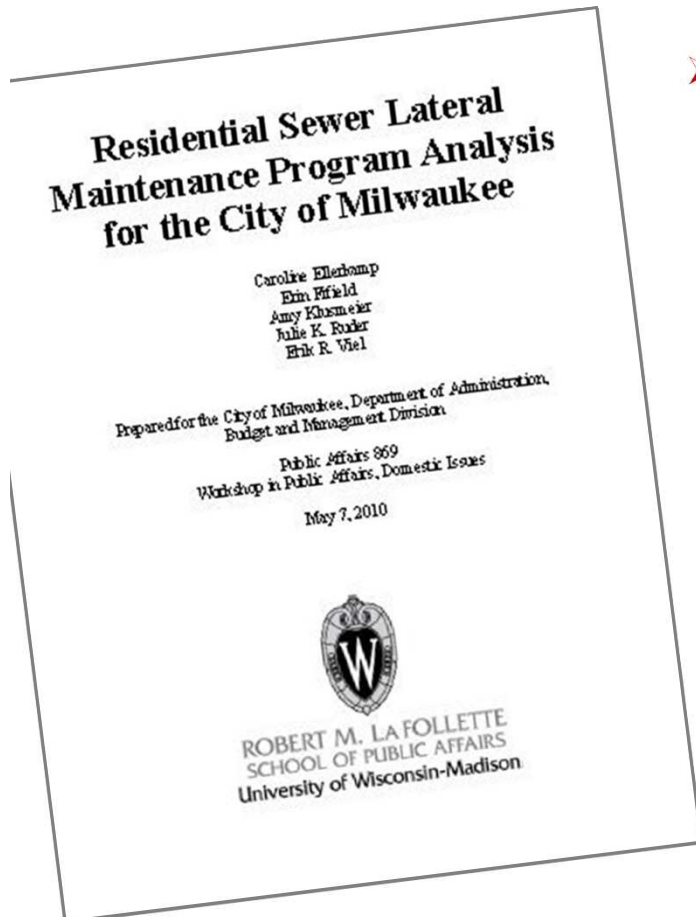
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University of Wisconsin Sewer Lateral Study



➤ Recommendation

This report identifies three residential sewer lateral maintenance programs ... 1) the status quo; 2) an insurance program; and 3) a loan program.

Based on an analysis of the program components and policy goals, we recommend that Milwaukee implement an insurance program. An insurance program is the most affordable, politically feasible, and effective long-term solution to encourage the maintenance of residential sewer laterals and to ensure the reduction of I/I in Milwaukee.

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You Can be Their Solution



- As their trusted utility, you can offer your valued customers a low cost warranty that covers the costs of sewer lateral repairs and give them a fast, easy process for having their problems solved. No deductibles, no call out fees, no hidden charges, no forms to fill out.

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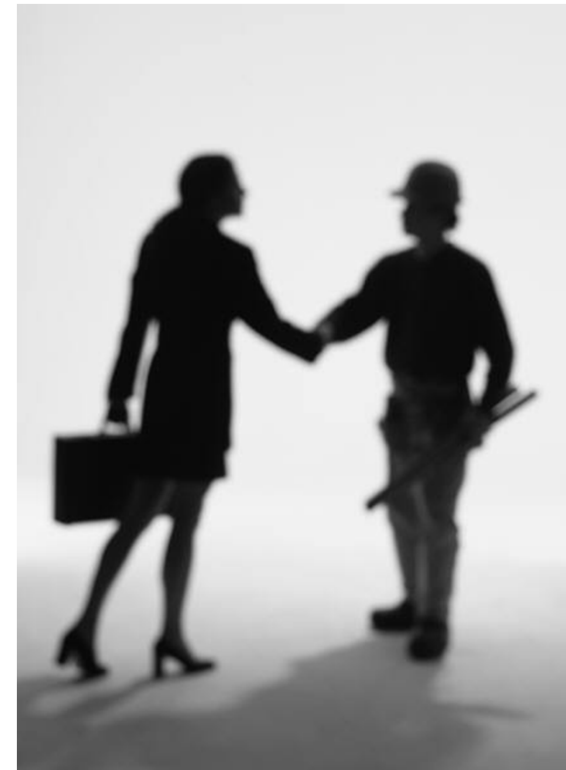
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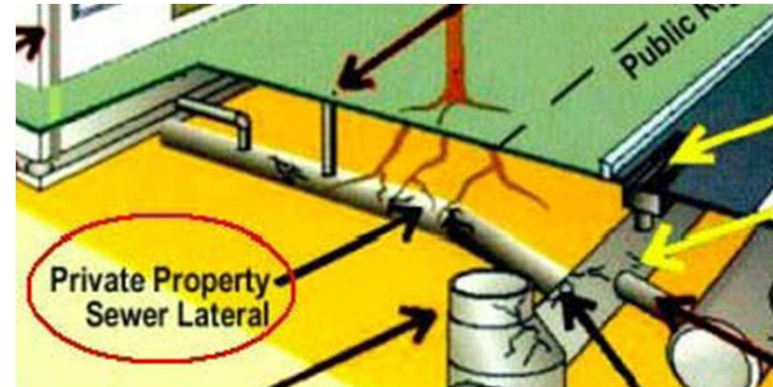
Insurance Program Types

- **City Administered**
 - Assessment on bill
 - Administration staff necessary
 - Call Center
 - Plumber network
 - Complaint handling
 - Software for tracking all aspects
 - Legal responsibilities
 - Marketing expenses
- **Outsourced**
 - No additional staffing
 - City indemnified
 - No cost to city
 - Revenue Share



HomeServe Born to fill this Gap

- Formed as a joint venture with Severn Trent Water 17 years ago
- Born out of that all too common customer service challenge - gap in coverage
- Grown to 10.2 million warranty policies in countries around the world
- More than 5,200 employees



AQUA
America



ConnecticutWater



UnitedWater



SCOTTISH
WATER

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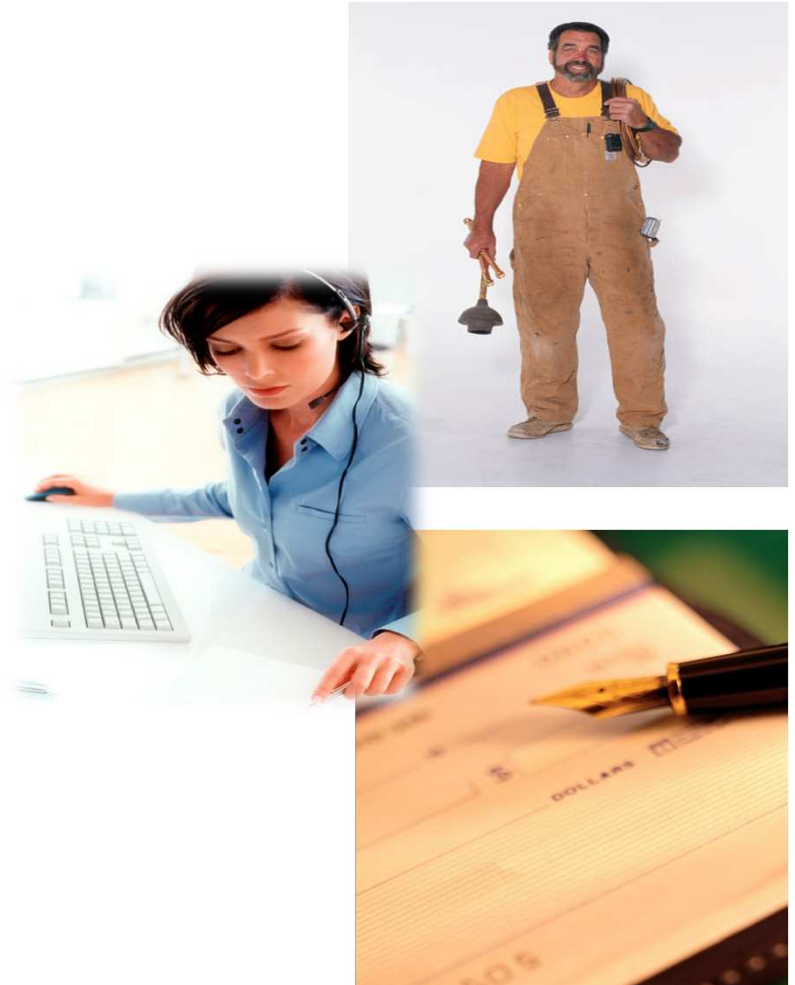
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No Work - No Cost - No Risk

- HomeServe can be your outsourced partner and do virtually all the work - at NO COST to you. From marketing to complete claims handling, we administer and fund the entire program. And we even give you back a handsome share of the revenues.



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Core Product Features



- Toll-free emergency number members can call 24 hours a day, 365 days a year
- Locally based, fully licensed, and qualified contractors rapidly dispatched to the customer's emergency
- No deductibles, no call out fees, or forms to fill in at the completion of the job
- Guaranteed repairs
- No pre-inspection before joining



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Revenue Share Further Funds I/I Repairs

- Revenues to the city could be in the hundreds of thousands, even millions of dollars.
- Funds can be booked.....:
 - General Fund
 - Specific I/I Fund
 - Exchanged for repairs to public or private I/I projects



Types of Programs

➤ Opt-in

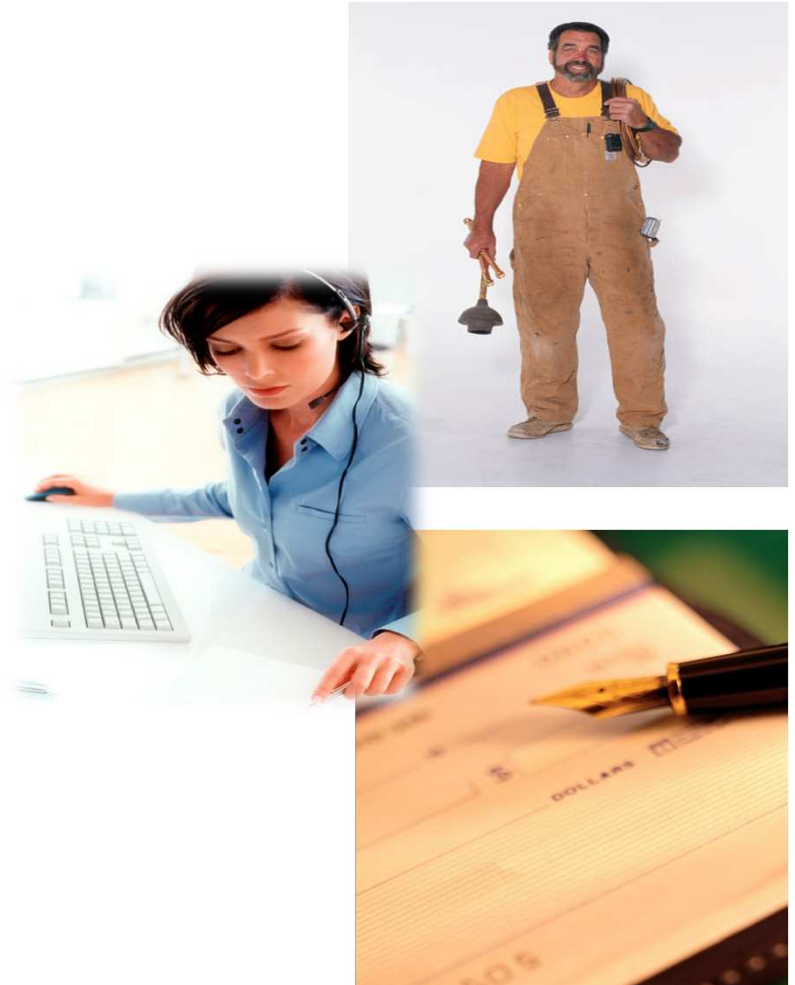
- Comprehensive public awareness campaign - city branded
- 30-40% take-up rate
- Optional participation
 - Softer approach
- Slightly higher premiums (approx. \$8.00/mo)
- Generous revenue share

➤ Opt Out

- Fee placed on regular bill
- Citizens must opt out to cease billing
 - Politically stressful
- 90% take-up
- Lower premiums due to volume and lower marketing costs
 - (approx. \$5.00/mo)
 - Generous Revenue share - larger volume

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