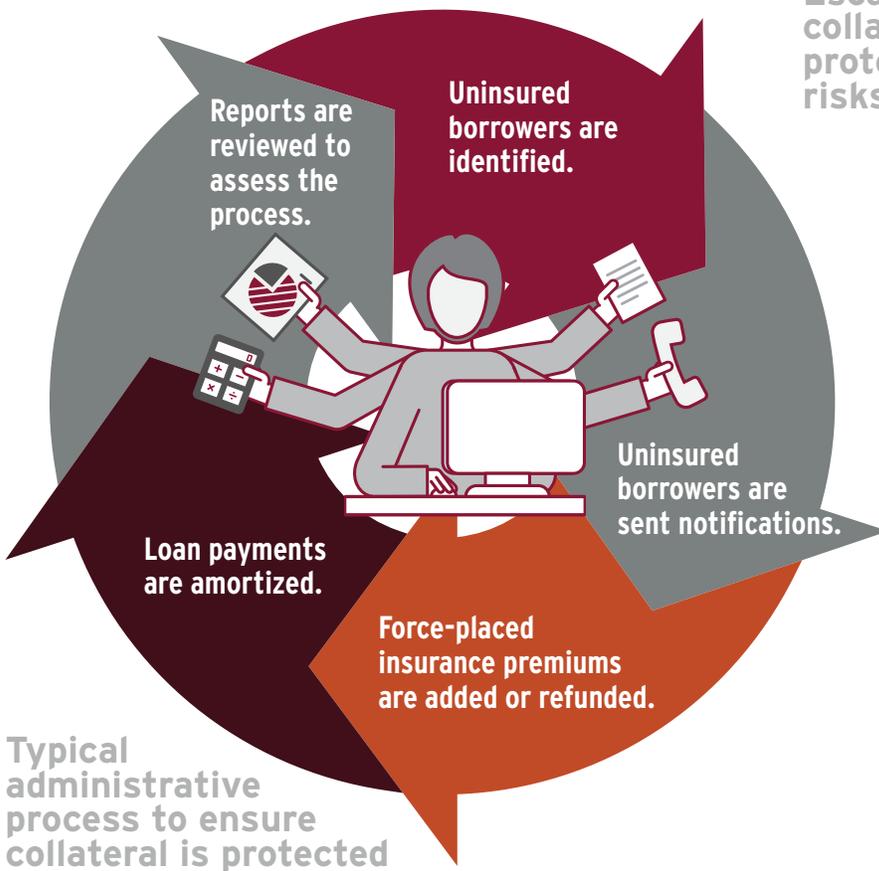




# Collateral Protection Auto Program



You need to protect your vehicle collateral. But how you do it impacts your administrative workload and risk to your credit union.



## Escalating collateral protection risks



With 1 in 8 uninsured drivers in the US, there's a high probability of having **uninsured borrowers** of collateral.<sup>1</sup>



**Member complaints** from unexpected spikes in monthly loan payments to cover expensive force-placed insurance, which could have an expensive annual premium as much as \$4,000.<sup>2</sup>



The auto **loan delinquency** rate is expected to rise to 1.46% in 2018, for an 18.7% increase over the past 5 years.<sup>3</sup>



Increased **regulatory scrutiny** may be triggered by the Wells Fargo scandal involving its collateral protection practices.<sup>4</sup>

To help you **manage your workload and minimize these risks**, CUNA Mutual Group's **Collateral Protection Auto Program** offers you solutions tailored to your credit union. You have your choice of policy options that can be chosen and mixed in ways that best fit your credit union.

# CUNA Mutual Group's Collateral Protection Auto Program provides a variety of policy options to ease your administrative workload and manage risks in the way that's best for your credit union.



## REDUCE YOUR COLLATERAL PROTECTION WORKLOAD

If you find that the administration involved in managing a collateral protection can be overwhelming for your staff, you can opt for the **blanket** program. The blanket program eliminates the entire process for identifying uninsured borrowers. The **blanket vendor's single interest (VSI)** offers a similar benefit but requires a monthly report from your credit union.

## MANAGE THE RISK OF UNINSURED BORROWERS

The **blanket** program eliminates the risk of uninsured borrowers by automatically covering all vehicle collateral loans for a \$5 average annual premium per loan, paid by the credit union.

With the **blanket VSI** program, all collateral loans are covered for a \$25 average annual premium per member, also paid by credit union.

The **immediate issue** option limits the exposure of uninsured collateral by providing that coverage upon the credit union's request.

## REDUCE MEMBER DELINQUENCY AND CREDIT UNION CHARGE-OFFS



An unexpected spike in loan payments can lead to a member delinquency, which could result in a credit union charge off. Our **blanket** program covers all vehicle loans with premiums paid by the credit union, reducing the risk of member delinquency from an increased loan payment. That also helps reduce the credit union's risk of a charge off of a remaining loan balance in the event of a vehicle repossession.

## ELIMINATE MEMBER NOISE



When a member receives an increase in their loan payment because of a force-placed policy, or even when they receive a notification about being an uninsured borrower, this can often generate a responding complaint that your team has to manage. Our **blanket** program eliminates the need for force-placed insurance and these notices, along with the negative member reaction.

## EASE YOUR REGULATORY CONCERNS



When you choose the **blanket** program, there's no force-placed insurance needed. This eases your concerns about the anticipated increase in regulatory scrutiny for collateral protection programs that involve its use.

## PAY ONLY FOR WHAT YOU NEED

In addition to reducing your administrative burden and collateral protection risk, we'll work with you to determine the right limit based on your outstanding loan balance, and the best deductible based on your risk tolerance. We make sure you only pay for the coverage that best fits what you need.

To learn more about how CUNA Mutual Group's Collateral Protection Auto Program can help meet your credit union's needs, contact your CUNA Mutual Group Sales Executive at 800.356.2644 or visit [www.cunamutual.com/autocollateralprotection](http://www.cunamutual.com/autocollateralprotection).



5910 Mineral Point Road | Madison, WI 53701-0391 | [cunamutual.com](http://cunamutual.com)

<sup>1</sup>Insurance Resource Council, Uninsured Motorists, 2017 Edition, 2017 <sup>2</sup>CarInsuranceQuotes.com, "'Force placed' car insurance means higher premiums," 2013 <sup>3</sup>TransUnion, 2018 Prediction: Consumer Credit, Balance and Delinquency Rates, 2017 <sup>4</sup>New York Daily News, "Wells Fargo hit with \$1 billion fine for charging customers for auto insurance they didn't need," 2018

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