

# GAP with Deductible Assistance

## At-A-Glance



Guaranteed Asset Protection (GAP) with deductible assistance is designed to enhance the GAP program and increase member value, helping your credit union protect more members in more ways. The program cancels part of a member's loan or loan payment when a comprehensive or collision claim is paid through the members' primary auto insurance carrier and a deductible is incurred, with some limitations. 47% of Americans don't have the cash to pay an unexpected \$400 expense.<sup>1</sup> And, 8 of 10 vehicle losses are not deemed total losses.<sup>2</sup> This program can help many of your members avoid unexpected expenses on their vehicle.

### What does it mean for your credit union?

Adding deductible assistance to your GAP product is intended to do a number of things for your credit union:

- Provide a new, relevant member benefit and value to deepen member relationships
- May increase GAP sales and non-interest income to help your credit union's bottom line
- Ability to provide this benefit to members without the need to have your lenders get licensed
- Deliver a product differentiator for your auto lending product
- Designed to cancel part of your member's loan balance to reduce repayment of the loan debt
- May help keep your member's loans current during their time of need

### What does it mean for your members?

This additional benefit will provide your members with a richer GAP program. This new feature is intended to help the member by:

- Protecting members from financial hardship when an unexpected event occurs by cancelling part of their loan or loan payment
- With this enhanced GAP program you are providing benefits for your members that can help them in a time of need
- Utilize the same claims process as GAP

### What does deductible assistance not protect?

- If the claim under the auto policy has been denied
- If the claim under the auto policy is a total loss or theft loss
- If the auto insurance company has waived the covered auto deductible
- If the claim on the auto policy does not exceed the covered auto deductible
- Deductible assistance is part of the GAP Waiver, all excluded losses that apply to GAP also apply to deductible assistance
- Deductible assistance is not available with loans on RV, power sport or watercraft
- More than two occurrences in a 12 month period

### Structure

Your credit union will pick what options to include with your GAP. All your members will have the same option that you choose. You have the option of a \$500 or \$1,000 deductible and depending on your state you can choose either a single or multi-motor vehicle benefit.

### Deductible Assistance

- Valuable added benefit provided as part of your GAP product to your members.
- Only available when GAP is purchased
- Primary insurance policy must be in force at the time of the loss
- Available limits of \$500 or \$1,000 per occurrence
- Single or Multi-vehicle options. (depending on your state)
- Applies to the motor vehicle on the loan with GAP (single) or may apply to motor vehicles insured under the member's individual primary insurance policy (multi).
- Only available on motor vehicles (Not available on RV, power sport or watercraft loans).



<sup>1</sup>PunditFact, "47% say they lack ready cash to pay a surprise \$400 bill," June, 2015

<sup>2</sup>CCC Informational Services, Inc. 8/5/2016 Article 'Weather Events lead to Higher Claim Counts in 2016' <http://www.cccis.com/weather-events-lead-higher-claim-counts-2016/> "Nationally the percent of vehicles flagged total loss or non-repairable was nearly 17 percent mid-year 2016 across all losses;"

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