



Vehicle Protection Plan

The Next Generation Vehicle Service Contract

Agent Informational Packet

Our Valued Distribution Colleagues



This information packet provides an overview of Protective Asset Protection's new Vehicle Protection plan that has been designed for the automotive franchise dealer.

We have designed a new vehicle protection plan that streamlines our product offering and positions Protective Asset Protection, as well as your agency, for continued success. The new Vehicle Protection Plan will not only replace three legacy products, but deliver on the needs for a rapidly evolving automotive marketplace as well as increasingly savvy consumers.

Please review the information provided in this packet with your Protective representative and feel free to contact us with any questions.

As always thank you for choosing to work with Protective Asset Protection.

A Simplified Approach that Delivers

Improving and Consolidating

In our never-ending effort to bring industry-leading F&I solutions to the marketplace, Protective Asset Protection is consolidating a number of our automotive franchise protection plans into a single product. The Protective Vehicle Protection Plan is a newly designed vehicle service contract that aligns with today's advanced vehicles and consumers' needs.

An Evolving Marketplace

The new Vehicle Protection Plan is designed to meet the needs of the evolving new vehicle marketplace. To ensure that this new product is positioned for today and tomorrow we have focused on developing a protection plan that focuses on key changes in the franchise auto dealer industry.

Expanding Automotive Technology

The use of advanced technology within new cars is expanding at an astonishing rate. Software, communications, media, safety notifications and monitoring systems are just some of the components employing greater levels of technology. Consumer demand for advanced technology continues to grow, leading to demand for advanced vehicles as well. The new Vehicle Protection Plan has been created to meet this demand both today and in the future.



“The car is already the third fastest growing technological device after phones and tablets.”

– 2013 Intel Industry Report

Growth of Alternative Power Systems

The expansion of alternative drive systems will continue to rise based on strict federal (CAFÉ Law) and state (California's Zero Emission Vehicle Program) regulations, combined with gas prices projected to reach \$5 per gallon no later than 2015*. As hybrid vehicles continue a steady growth of market share, additional drive system alternatives will grow in sales and collectively represent a more formidable footprint in the new car market. With traditional hybrids, full electric, plug-in, stop-start and even hydrogen vehicles on the rise, franchise dealers will need a protection plan that meets their needs. The new Protective Vehicle Protection Plan has been built to do just that.

*Based on 2012 Pike Research Study



“The market for advanced driver assistance systems is expected to triple between 2010 and 2020.”

– Kelly Blue Book Research

Advanced Safety Systems

New technology has expanded to automotive safety systems as well. The list of standard safety systems expands with each new model year. With features including lane recognition, accident avoidance, blind-spot detection, car-to-infrastructure communications as well as numerous other sensors and restraint systems, automotive safety will continue to grow more complex. The new Protective Vehicle Protection Plan includes coverage for these advanced safety components.

A Simplified Portfolio



The new Vehicle Protection Plan combines the best features of three existing franchise products with numerous enhancements. The result is a single product that meets franchise dealers' needs for a comprehensive service contract program. Replacing three products with one, enhanced product provides numerous benefits including:

- Focused resource allocation and operational efficiency
- The ability to refresh the protection plan regularly so it never grows stale
- Greater focus on the Protective brand, which aids with continued efforts to improve market penetration

These benefits, combined with numerous others, leads to the ultimate objective: provide agents an optimized product portfolio and reputation for excellence that retains existing clients and opens doors to new opportunities.

Please Note: While built off the same product platform as the new Vehicle Protection Plan, the **CostGuard** name will remain in select markets to be utilized with existing accounts. The **Select** and **Mileage Plus** programs will remain available as options designed predominately for high mileage vehicles.

Simplify.
Improve.
Deliver.





Product Overview

The new Vehicle Protection Plan is designed to deliver a solution that surpasses the expectations of franchise auto dealers while providing consumers with protection that means peace of mind.

Coverage

With four coverage levels plus a Wrap option, this new service contract program meets the various needs of new, pre-owned and manufacturer CPO vehicles sold at franchise dealerships.

Vehicle Plans

The new protection plan program includes additional or expanded vehicle eligibility for OEM-authorized certified pre-owned (CPO) vehicles and older vehicles still covered by a manufacturer's extended powertrain warranty. Unlike the CPO solution offered in existing products, the new Vehicle Protection Plan provides a flexible, comprehensive solution that can readily be adapted to future changes in OEM CPO programs. The Wrap-Pre-owned coverage within the new program can be written for terms extending beyond the remainder of the underlying manufacturer's extended powertrain warranty. These new features are designed to give dealers the tools needed to tailor service contract offerings to every customer's needs.

The four coverage levels plus Wrap provide franchise dealers with the optimal mix of options. This enhanced component coverage is designed to meet the needs of today's vehicles as well as future makes and models.



Coverage Levels

This chart provides an overview of coverage level components of the new, franchise Vehicle Protection Plan compared to existing products.

	Current Advantage	Current CostGuard	Current VIP	New Vehicle Protection Plan (Includes new CostGuard version)
Powertrain				
Basic gasoline engine parts and components	X	X	X	X
Diesel accessory vacuum pump, lift pump, injectors and injector pump		X		X
Added parts/components: Electric coolant pump, turbochargers, bypass valves, blow off valves, intercooler and waste gates, supercharger and intercooler, electric oil pump	X	X		X
Hybrid components: electric motor assembly, electronic transmission/transaxle assembly, electric traction drive motor assembly				X
Basic automatic and standard transmission parts and components	X	X	X	X
Added parts/components: CVT, automatic electronic clutch				X
Transfer case	X	X	X	X
Front and rear-wheel drive train	X	X	X	X
Fluids (with a covered repair)	X	X	X	X
Filters, lubricants and taxes (with a covered repair)	X	X	X	X
Seals and gaskets (with a covered repair)	X	X	X	X
Enhanced				
Electrical	X	X	X	X
Fuel	X		X	X
Cooling and heating	X			X
Air conditioning	X	X	X	X
Brakes	X	X	X (Covered in Level 3)	X
Hybrid components: Battery cooling system, integrated starter generator or belt alternator starter, regenerative braking assembly, electric heater, generator assembly, and nickel metal hydrate and lithium-ion drive propulsion battery (one replacement per contract term)				X
Seals and gaskets (with a covered repair)	X	X	X	X

Coverage Levels (Continued)

This chart provides an overview of coverage level components of the new, franchise Vehicle Protection Plan compared to existing products.

	Current Advantage	Current CostGuard	Current VIP	New Vehicle Protection Plan (Includes new CostGuard version)
Premium				
Cooling		X		X
Heater & additional A/C components		X		X
Front suspension	X	X		X
Rear suspension (includes same parts/components as front suspension)	X	X		X
Steering	X	X	X	X
High-Tech package/enhanced electrical	X	X		X
Electronics: Infotainment system hardware and software, global positioning and navigation system, audio/video/gaming equipment (limited to one part of audio/video/gaming equipment per occurrence)				X
Safety: Airbag system, inflatable seat belts, electronic stability control system, tire pressure monitoring system, backup sensors, video cameras and TV monitors				X
Hybrid: DC-DC converter, inverter assembly and converter, motor power cable and wiring harness, and engine-power control module				X
Complete - Excluded Parts and Components				
Hybrid batteries: Nickel metal hydrate propulsion batteries and lithium-ion propulsion batteries	X	X	X	
Safety: Air bag system, seat belt assembly	X	X		
Electronics: Television/video equipment, electronic transmitting devices, speakers	X	X		
Maintenance and wear items:				
• Struts	X	X	X	
• Stabilizer links and bushings	X	X	X	
• All other maintenance and wear items	X	X	X	X
Interior/exterior: Body and trim items, frame, sealed beams, glass, lenses, upholstery, wheels, rims and tires, convertible tops	X	X	X	X
Other excluded parts/components: After-market equipment, mobility and conversion equipment unless optional coverage is selected	X	X		X

Deductibles

The new Vehicle Protection Plan provides additional deductible options to meet the needs of consumers and lenders.

	Current Advantage	Current CostGuard	Current VIP	New Vehicle Protection Plan (Includes new CostGuard version)
Fixed	\$50, \$100, \$200	\$100, \$200	\$100	\$50, \$100, \$200, \$500
Disappearing	\$100	\$50	\$50, \$100, \$200	\$50*, \$100

*Not available for the new Protective Vehicle Protection Plan

Surcharges

The new Vehicle Protection Plan has new surcharges that better align with new vehicle sales trends.

	Current Advantage	Current CostGuard	Current VIP	New Vehicle Protection Plan (Includes new CostGuard version)
Mandatory turbo/supercharger	X	X	X	
Mandatory diesel	X	X	X	
Optional business use	X	X	X	X
Optional conversion	X	X		X
Optional electronics	X	X		
Optional mobility	X	X		X
Optional air conditioning (powertrain only add-on)				X
Optional snow plow (personal use)				X

Additional Benefits, Fees and Provisions

The new Vehicle Protection Plan provides an attractive and robust set of additional benefits designed to meet the needs of consumers.

	Current Advantage	Current CostGuard	Current VIP	New Vehicle Protection Plan (Includes new CostGuard version)
Emergency roadside assistance services (maximum benefit)	\$100	\$100	\$100	\$175
Substitute transportation (per day / maximum)	\$35 / \$210	\$35 / \$210	\$30 / \$180	\$50 / \$300*
Trip interruption (per day / maximum)	\$100 / \$300	\$125 / \$375	\$150 / \$450	\$175 / \$525
Transfer and cancel fee	\$50 / \$35	\$50 / \$35	\$55 / \$35	\$75 / \$75
Continuation of coverage	Available	Available		Available

*Plus some additional days for certain delays

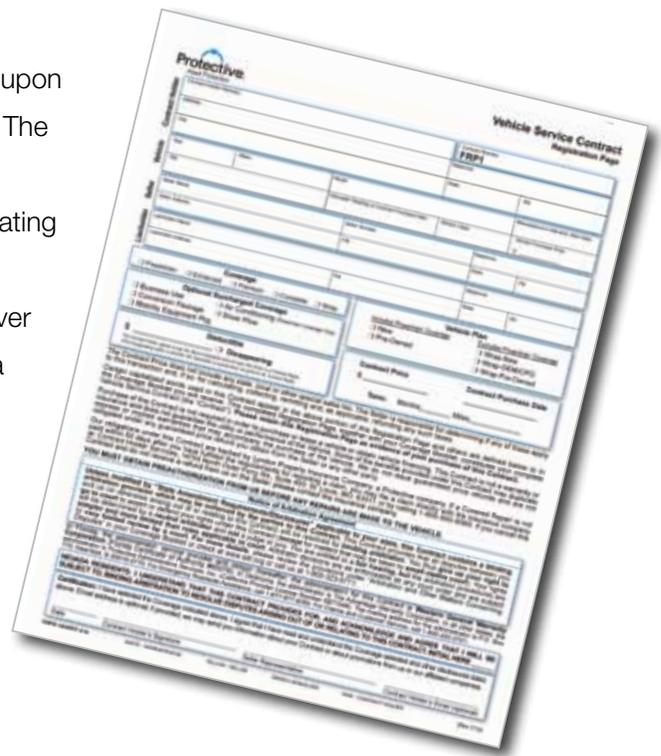
Contract Term Measurement Date and Miles

The new Vehicle Protection Plan adopts true-time-and-miles (aka true-term) as the standard contract term definition for all vehicle plans other than Wrap-New and Wrap-OEM/CPO. Protective Asset Protection has embraced true-term as the new standard contract term based on market research that indicates F&I managers and consumers prefer it.

A true-term contract begins on the contract effective date (typically the sale date) and at the vehicle's then-current odometer reading and ends when either the additive time or additive miles are reached. For example, if a consumer purchases a vehicle with 30,000 miles on the odometer and a Protective Vehicle Protection Plan contract with a 60 month/ 60,000 mile term, his/her contract will remain active for five years or until the vehicle's odometer reads 90,000—whichever occurs first. Although true-term has been extended to Wrap-Pre-owned (a new vehicle plan), the Wrap-New and Wrap-OEM/CPO coverage plan will continue to use the traditional wrap contract definition (i.e., in-service date and zero odometer miles).

The Contract Itself

The actual contract has been designed to improve upon the readability and aesthetics of existing contracts. The supporting coverage booklet reflects our efforts to streamline and simplify contract language by eliminating unnecessary language, grouping exclusions into distinct categories and improving readability wherever practical. Dealerships will need be able to provide a copy of the signed contract at the point of sale, while a coverage booklet with wallet cards will be mailed directly to the contract holder (in some states, field issued contracts are required). A sample contract is included in the Appendix.





Rate Plan

The rate plan that supports our new vehicle protection product boasts several new features. The most significant of these enhancements is the all-electronic rating platform through which we will deliver rates to the F&I manager's desktop, helping expedite the sales process while virtually eliminating clerical error. Other improvements include a robust CPO solution with rates and terms tailored to each of the major factory-sponsored certified pre-owned programs; the elimination of mandatory surcharges for specialized equipment (e.g., turbochargers, diesel engines, etc.); a broader array of available terms across all coverage plans; deductible options that encourage repeat business; and new pre-owned "wrap" rates that perfectly complement our true-term limited warranty programs.

We know change is never easy, so we are taking measures to make the transition to this new plan as seamless as possible. We built our new rate plan on the foundation of our legacy product rate plans, which means anyone accustomed to working with our legacy products will be instantly familiar with much of the new plan. We are also introducing two new tools in support of the B2B and B2C selling processes—an agent rate tool that facilitates the development of competitor rate comparisons and a downloadable rate chart tool that creates an alternative product rating mechanism for those instances in which electronic rating may not be available. Additionally, we will provide real-time, on-demand training solutions that will assist you and your dealers' staff in making the transition.

We think you will agree that our new rate plan—like the product it supports—represents a significant step forward and establishes a platform for continuous future growth.

