



Vehicle Protection Plan

Frequently Asked Questions

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General Overview

1. What is the Vehicle Protection Plan?

A franchise vehicle service contract on a simplified form that features expanded eligibility, enhanced coverage, robust additional benefits (e.g. emergency roadside assistance, substitute transportation, trip interruption and pet benefit) a broad selection of deductible choices and newly developed marketing materials.

2. Why did Protective revise this product?

In order to get ahead of the industry and current market, we needed to enhance our coverage and benefits as well as develop new marketing materials. Our goal is to design, build and sell industry leading vehicle service contracts for the franchise dealer marketplace.

3. What products will the revised program replace?

The enhanced CostGuard Vehicle Protection Plan will replace the existing program.

4. Will there be a national rollout of this program and what is the launch date?

The CostGuard launch is scheduled to start on April 1, 2021. However, all states may not be launching on this date as this will depend on state and lender approvals.

Marketing

5. What marketing materials are available for launch?

- **Consumer Brochures** (Three versions are available)
The standard brochure (CG-B) provides an overview of coverage and benefits. Detailed version (CG-B-D) includes a detailed listing of the components that are covered. Exclusionary version (CG-B-E) summarizes components excluded from coverage.
- **Placemats** (Three versions are available)
The standard placemat (CG-PM) provides an overview of coverage and benefits. Detailed version (CG-PM-D) includes a detailed listing of the components that are covered. Exclusionary version (CG-PM-E) summarizes components excluded from coverage.
- **Poster**
- **Mirror Hanger**
- **Highlight Sheet**
- **Consumer Webpage & Video**
A webpage and video are available for consumers to learn more about the CostGuard Vehicle Protection Plan. A dealership can post a link on their website directing consumers to the webpage and video. To utilize the webpage and/or video please contact your Protective representative.

6. Can we get PDFs of the marketing materials for the launch?

All marketing collateral will be available on F&I Cafe the week of February 4, 2021.

Contract

7. What does the nomenclature mean in the prefix section of the contract(s)?

- C: CostGuard
- RP: Registration Page
- FI: Field Issued
- 2, 3, 4, 5, 6: Second, Third, Fourth, Fifth, Sixth Edition
- M: MPP-(Maintenance Pro Plus)
- T: Toyota Lexus, Mazda, SETF Specific

8. What contracts (prefix) will be used for the launch?

The launch will use the following contracts. Note: Availability of the contracts to be sold in each state is determined by both the filing status of the contract and rates as communicated by our Compliance department.

- CRP3: CostGuard Reg. Page (fulfillment / coverage book will be mailed to consumer CG-CB)
- CMRP3: MPP-CostGuard Reg. Page (fulfillment / coverage book will be mailed to consumer CG-CB)
- CFIT6: CostGuard –Field Issued Toyota, Lexus, Mazda, SETF, Nissan, VW
- CFI2: CostGuard-Field Issued
- CFIT7: CostGuard-Field Issued Toyota, Lexus, Mazda, Nissan, VW - MA only
- CMFI2: MPP-CostGuard Field Issued

9. What language did we utilize for the contract and supporting materials?

English was used for the contract, administrative and marketing materials. At this time we don't have any plans to expand the language platform on this program.

10. What is the size of the new contract(s)?

All registration pages and field issued contracts will be 8.5 x 14 (legal size).

11. Are the contracts the same on the Protective Vehicle Protection Plan and the CostGuard product?

The contracts are identical except for contract prefixes, form numbers, administrators in some states, Wrap Vehicle Plans along with a separate private branding logo for the CostGuard program.

12. How do I order contracts, kits and marketing materials?

Materials can be ordered through Sales Support at 1-800-794-5491 or apdsalesupport@protective.com

Dealer Sign-Ups

13. What materials do I need to convert an existing account to the revised program for the launch?

All existing accounts will be converted to the revised program on the launch date.

14. Was the Product Information Page revised?

The Product Information Page has been revised to include a Wrap tier factor line only for PVPP. This will allow for (separate) tiers for new, wrap and pre-owned vehicle plans respectively at a dealership. This does not apply to CostGuard.

Product Overview

15. What are the names of the coverages?

- Powertrain
- Enhanced
- Premium
- Complete
- Wrap

16. Has the definition of Wrap Coverage changed?

Yes, the revised wrap coverage will include consequential damage as defined in the contract along with any OEM stranded powertrain parts and related seals and gaskets that isn't already covered by the OEM, the Seller or a third party warranty provider.

17. Will hybrid and fuel cell components be included in the coverage? (also see Training- Product Changes section below)

All levels of coverage will include hybrid and fuel cell component coverage. See contract and coverage booklet for specific details.

18. What emergency roadside service benefits are included?

The program provides the following benefits with a \$175 maximum benefit:

- Towing / Winch-Out
- Flat Tire Replacement
- Delivery of Fuel, Water and Other Fluids
- Lock Out Assistance
- Jump Start (excluding hybrid vehicle main power cell and auxiliary batteries)

19. What substitute transportation and trip interruption benefits are included?

Substitute Transportation is \$50 per day up to six days with a \$300 maximum benefit.

Trip Interruption includes meals and lodging up to \$175 per day for three days with a \$525 maximum benefit.

20. What other benefits were added?

A pet benefit was added as part of the program enhancements. Pet benefit will reimburse you for expenses incurred for pet removal, transporting, handling and boarding (including hotel / motel pet surcharges) up to \$175 per occurrence. Mechanical Breakdown must occur more than 100 miles from your residence.

21. Are there any optional surcharged coverages?

Mobility equipment, snow plow, lift kit / tire modifications, and climate control system coverages are offered. Climate Control System is optional with powertrain coverage only and is automatically included in remaining coverage levels. Note: business use and conversion package optional surcharges have been removed from this program and built into the coverages. A/C was renamed to Climate Control System.

22. What is the cost and availability for the optional surcharged coverages?

- Lift Kit / Tire Modifications: \$500 (available on all vehicle plans)
- Mobility Equipment: \$600 (available on all vehicle plans)
- Snow Plow: \$695 (available on all vehicle plans)
- Climate Control System-(Powertrain Coverage Only): \$50 for New vehicle plans and \$85 for Pre-Owned vehicle plans.

23. What is the revised contract language for Business Use in this program?

For New or Wrap-New vehicle plans only, trucks or vans with one ton rating or less, that are equipped with single rear tires, used solely or partially in pursuit of a business or for the generation of income regardless of registration. While in the past, a Ford F-350 single axle (1 ton rating) would be ineligible, it is now eligible.

24. Can a VSC be sold in the service drive to a consumer who didn't purchase the vehicle from the dealership?

The program is designed to address the vehicle service contract needs of the consumer who purchased the vehicle from the dealership at the point of sale. (see Procedure Manual for further details)

25. Will ancillary benefits continue to be offered on the contract?

The MPP-(Maintenance Pro Plus) program which is an optional oil change, lube and filter program that can include ancillary benefit options is attached to the bottom of specified Vehicle Protection Plan contracts and will continue on the revised program. Note: MPP is administrated by our ERS-Emergency Roadside Service vendor VAS-(Vehicle Administrative Services) and MPP coverage remains unchanged on the revised program.

26. What deductibles are available?

Standard: \$50, \$100, \$200, \$500; \$50 Disappearing and \$100 Disappearing

27. What are vehicle plans and eligibility requirements?

- New: Current + 5 model years and 0-60,000 miles on odometer
- Pre-owned: Current + 10 model years and 0-125,000 miles on odometer
- Wrap-New: Must have existing powertrain warranty and additional exclusionary coverage
- Wrap-Pre-Owned: Current + 9 model years and 0-100,000 miles on odometer

28. Is there a vehicle eligibility MSRP-(manufacturer suggested retail price) dollar limitation?

Vehicle eligibility is limited to \$125,000 MSRP + options.

29. What are the mileage bands by vehicle plan?

- New: 0-12,000; 12,001 to 20,000; 20,001 to 35,000; 35,001 to 45,000 and 45,001 to 60,000
- Wrap-New: 0-100,000
- Pre-Owned: 0-70,000; 70,001 to 90,000; 90,001 to 100,000; 100,001 to 125,000
- Wrap-Pre-Owned: 0-70,000; 70,001-90,000; 90,001-100,000

30. What contract terms are available?

- New: 12/12 to 10/150
- Pre-Owned and Wrap-Pre-Owned: 6/6 to 60/60
- Wrap-New: 3/100 to 14/150

31. What is the definition of when coverage begins and ends by contract plan?

- New: Additive Time & Miles-(true term)
- Pre-Owned: Additive Time & Miles-(true term)
- Wrap-New: From vehicle original ISD-(in-service date) and 0 miles
- Wrap-Pre-Owned: Additive Time & Miles-(true term)

32. Is the LEW-(Lifetime Engine Warranty) and LPW-(Lifetime Powertrain Warranty) upsell credit available?

The upsell credit is no longer available as the dealer usage was minimal.

33. Is the program available in all states?

State availability is determined by current filings of the form and rates. We anticipate the program being available in 49 states. CostGuard is not available in the state of Washington. Communication will be distributed before the launch with updates.

Profit Participation

34. Are profit participation programs available?

Dealers may participate in underwriting profits through retrospective commission or reinsurance programs.

35. Will dealers continue to have the ability to keep a revised franchise program on reinsurance but continue to have their Protective high mileage VSC program (PACP) in a core non-profit participation program?

Dealers will continue to have the ability to have one program (franchise VSC) on reinsurance and the other (high mileage VSC) on core.

Rates

36. Will backup rates be available?

Our RateExport tool will be available as a result of the signup process. Upon dealer signup, when the dealer signs into F&I Café, they will be prompted to download backup rates to place on their computer's desktop in the event F&I Café is unavailable or the internet service provider is down. Any dealers with a rate exception on the program will not be able to access rates through RateExport. Dealer Setups will create rate charts for these dealers.

37. Is the reinsurance rating tier factor the same for both new and used tiers?

The program will remain the same and allow for separate rating tiers for New and Pre-Owned. Wrap-New will fall under New and Wrap-Pre-Owned will fall under Pre-Owned.

38. What DMS-(Dealer Management Systems) will be utilized?

Forms will be loaded on Reynolds & Reynolds and CDK respectively.

39. What menu providers will be utilized?

We'll continue to utilize PEN, Vision Menu, IAS, Ristken, Option Soft, F&I Express, F&I Source, Stone Eagle and MenuSys.

Vehicle Mechanical Fitness / Maintenance

40. What are the mechanical fitness requirements?

All eligible vehicles must meet mechanical fitness requirements as stipulated in the procedure guide. The mechanical fitness requirements include: (e.g. oil must be changed and other fluids maintained or changed as necessary, prior to the sale of the vehicle. The dealer must also repair any pre-existing conditions prior to issuing a contract.

Administrative Forms

41. Will we use the same administrative forms for the launch that we use today?

Only the Product Information Page has been revised to include the wrap tier factor for PVPP. Our existing VSCDA dealer agreement, dealer profile, over-remit amendment, sales incentive amendment, schedule A, transfer, cancellation, credit card authorization and report & remittance form(s) are all unchanged.

42. How do I obtain administrative forms?

The necessary materials will be located on F&I Café. For questions and or additional forms, call Sales Support at 1-800-794-5491 or email apdsalesupport@protective.com.

Policies

43. Are there any policies that we need to re-affirm?

The revised platform will include a lift kit / tire modification optional coverage. In addition, we will now cover consequential damage in all coverage levels subject to exclusions and the list of parts covered in the definitions section. We will cover the failure of a non-covered part even if caused by the failure of a Covered Part. Note: there is a list of specific parts that we will cover under the definitions section.

44. Did the cancellation and transfer fees change?

While the transfer and cancellation policies and forms remain the same our fees are \$75 respectively for these services. Specific states that have alternative cancellation policies and fees will be stipulated in the state amendment section of the contract accordingly. Also specific lenders may require a \$50 cancellation fee.

F&I Café

45. Will there be a dedicated spot on F&I Café administrative and dealer signup materials?

All new administrative and dealer signup materials will be available on F&I Cafe the week of February 4, 2021.

46. Will the new contracts be available for laser print?

Laser print versions of the contracts will be available on F&I Café.

Procedure Manual

47. Was the procedure manual updated to reflect the revised program?

The procedure manual was revised to reflect the updated vehicle plans for the revised program.

TouchPointe

48. Will the TouchPointe installment payment plan be available for the launch?

Our standard VSCDA TP AMD TouchPointe Installment Payment Plan Amendment to Dealer Agreement will be available to download on F&I Café.

Claims and Administration

49. Who handles claims and administration?

Contracts are submitted electronically through F&I Café or by traditional mail to our Processing Department. They will also adjudicate all claims.

Lender Approval

51. Have all lenders approved the enhanced program?

To date we've received approval from Ally, Ford and Wells Fargo. Additional updates will be communicated accordingly as we receive additional lender approvals.

Training: (Product Changes)

52. Are there additional training resources that provide an overview of the program enhancements?

A pre-recorded program enhancements webinar is available on <https://protectiveassetprotection.com/CostGuard> for you to review all program updates.

53. What additional benefit changes, coverage changes etc. should we be aware of to teach / train/ communicate?

Broadly speaking, coverage has been enhanced, optional coverage has been added, and additional benefits have been improved to adjust for inflation and current market conditions.

Specific to the first level of named component coverage-(Powertrain) the following components have been added to reflect changing vehicle technology:

- Engine: Electric oil cooler, supercharger bypass, blow-off valves and engine control module.
- Transmission: throttle by wire, transmission control module (TCM), electric oil pump, gear selector system: electronic drive mode, paddle shifter, push button and shift by wire.
- Drive Axle: electronic limited slip or locking differential system, differential hearing and cooling system and coaxial electric axle.
- Hybrid/Plug-in Hybrid/Battery Electric/Fuel Cell-Hydrogen: transmission control (ECU) and fuel cell water pump.
- Filters, Fluids, Lubricants and Taxes > changed to Other Covered Repair Expenses: nuts, bolts and screws, wheel alignments, ADAS-advanced driver assistance system recalibrations

Specific to the second level of named component coverage-(Enhanced) the following components have been added to reflect changing vehicle technology:

- Electrical: body control module (BCM), defroster (electrical failure only), heated mirrors (excluding glass), heated seats and steering wheel (electrical failure only), oxygen sensor, mass/map airflow sensor.
- Exhaust System (DEF): injection system, tank and tank sending unit, electronic fuel injection system and sensors.
- Cooling and Heating: engine block heater
- Brakes: brake by wire (electronic brake system-EBS), adjustable brake pedal assembly.
- Towing and Trailering (NEW section - see contract for coverage details)
- Hybrid/Plug-in Hybrid/Battery Electric/Fuel Cell-Hydrogen: heat pump, battery controller, ultracapacitors, power distribution box, on-board battery charging system, plug-in charging port outlet, main battery cable, plug-in cable (electrical failure only), fuel cell electric compressor, hydrogen: fuel cell stack, power control unit, pump/pipes and storage tank, solid state batteries.

Specific to the third level of named component coverage-(Premium) the following components have been added to reflect changing vehicle technology:

- Suspension: active electronic suspension system, dampers: engine hood, trunk lid and rear liftgate, electronic sway bar disconnect system, lateral link arm assembly, shock absorbers and trailing arm assembly.
- Steering: steering wheel controls (electrical failure only), auto-pilot steering system, retractable steering system, electronic adjustable steering wheel assembly.
- Electronics: tonneau bed cover motor, memory seat and steering wheel control, keyless push button engine start/stop, power lift/tail gate motor and running boards.
- Technology: Portable Device Connectivity (NEW section - see contract for coverage details)
- Safety: Automatic emergency braking system, blind spot monitoring system, traction control, seatbelts, power side view camera mirror and monitor system (electrical failure only), rearview full display streaming and touchscreen mirror (electrical failure only), and camera washers.
- Hybrid/Plug-in Hybrid/Battery Electric/Fuel Cell-Hydrogen: AC-DC converter, battery control module, hydrogen pump inverter and fuel cell boost converter. New Component Section > DC-DC converter; inverter assembly and converter; motor power cable / wiring harness; engine power control module.

Specific to the fourth level of “exclusionary” coverage-(Complete) the following “exclusions” have been removed.

- Shock absorbers
- Seatbelts

By adding in some language into the exclusions we’re effectively covering the following “sample” of coverages on the revised program still subject to What Is Not Covered.

- LED/OLED lighting assemblies
- Business Use - pickup trucks or vans with one ton rating or less, that are equipped with single axle rear tires, New or Wrap vehicle plans used solely or partially in pursuit of a business or for the generation of income regardless of registration.
- Conversion van equipment
- Painted outside mirrors to match original vehicle color
- OEM external battery charger and service plug delivered within your vehicle
- Mini-van door rollers
- Consequential damage (see contract for details)
- Shock absorbers

Specific to optional surcharged coverages we’ll continue to have snow plow, climate control system (formally Air Conditioning) and mobility equipment options. The business use and conversion van optional coverage surcharges have been eliminated and coverage has been blended into the contract. Optional coverages such as lift kit / tire modifications have been added to the program. The mobility equipment package has been expanded to include exclusionary coverage.

We’ve continued using the fixed deductibles of \$50, \$100, \$200, \$500 and disappearing deductible of \$100.

Our additional benefits remain the same except we’ve added a Pet benefit. See the following additional benefits below:

- ERS-(Emergency Roadside Assistance) has a maximum benefit of \$175 for all benefits versus individualized dollars amounts on each benefit.
- Trip interruption-(aka meals and lodging) has a maximum benefit of \$175 per day with a \$525 maximum.
- Substitute transportation-(aka rental car) has a maximum benefit of \$50 per day.
- Pet Benefit-(pet boarding/transporting) has a maximum benefit up to \$175 per occurrence.

54. Have any exclusions been added?

- Unavailability of compatible wireless service or GPS satellite signal
- Carbonization
- Odor removal
- Recycling fees
- Lightning strikes
- Tire sealant and inflater kits
- Catalytic converters
- Non-LED/OLED lighting assemblies
- Portable units including but not limited to key-fobs, remote transmitters, headphones, GPS, DVD players, laptops, cellphones, navigational DVD