

## Case Study

# Highlights of Indiana Members Credit Union's Partnership with Depreciation Protection, Inc.

As described by Scott Mann, Chief Retail Officer, Indiana Members Credit Union



### CREDIT UNION PROFILE

#### Assets

\$2.9 Billion

#### Members

155,000+

#### Branches

32 full-service locations

#### Membership

Community Charter, located in 48 counties within Indiana and 1 county in Kentucky

#### Founding

Founded in 1956 by and for employees of the Indiana University Medical Center (Now IUPUI)



### EXPERIENCE WITH DEPRECIATION PROTECTION

#### The regulatory environment was prohibiting our GAP sales on lower loan-to-value (LTV) loans.

As we've seen over the past few years, regulators on both a state and federal level have been cracking down on ancillary product refunds, specifically targeting GAP, and some introduced legislation to prohibit GAP sales in the low LTV situations. As a result, we were forced to re-think our opinion on who should receive GAP offers.

Regulated by the Department of Financial Institutions, Indiana has long since enforced an 80% LTV threshold for offering GAP to consumers. The reason being that many borrowers with positive equity have little to no value from the traditional GAP product, which is designed to protect the 'negative equity'. Since DPW was introduced, we now have a compliant solution to protect our members with positive equity, while also increasing non-interest income on opportunities where GAP just doesn't fit.

We have been offering DPW to our membership for over 4 years. DPW has been a fabulous complement to our existing GAP program. But there were many instances where we could not offer GAP, per the Indiana Department of Financial Institutions (DFI), the sale of GAP is not permitted if: the amount financed, less the cost of GAP, less the cost of credit insurance, and less the cost of warranties is less than 80% of the MSRP for a new vehicle or the J.D. Power average retail value for a used vehicle. Due to Indiana's restrictions, there were many instances where we could not offer GAP. We love how DPW provides an alternative solution, keeping us in compliance with the DFI and providing tremendous protection to our members.

We are impressed by the enhanced revenue success we've seen so far. We doubled our DPW production in two years and today we average 100 DPW sales per month, with no negative impact to our GAP program.

Our members have been very receptive to the DPW program. At first, we were not convinced that it would be a success, but after a short period of time and the appropriate education to our front-end staff and members, we are thrilled with the results.



## RESULTS

We have seen astonishing success and membership empowerment since including DPW as an option for our members. Here's how our revenue has been impacted since inception of DPW:

- **DPW Sales Per Month: ~100**
- **Additional Revenue Generated from DPW: \$200,000 annually**
- **Average Member Benefit Paid: \$4,442**



## INTEGRATED TECHNOLOGY PICKS THE BEST PLAN FOR THE BORROWER

We needed a solution that would seamlessly integrate with our current portfolio of products without overwhelming our front-end loan officers and MSR's. Our DPW solution was added to our intuitive IQQ sales system that we have through Allied. With the addition of DPW, we're simply providing another layer of protection for borrowers. Today, we refer to this as 'Total Loss Protection', designed for the borrower with positive equity. The IQQ sales system makes an LTV calculation and automatically offers the most appropriate product.

The concept of Total Loss Protection provides protection for any of our borrowers. Some will qualify for GAP and some for DPW, but we're always going to have a solution that fits that borrower's needs and more importantly, the technology picks the best plan for each borrower and helps keep us in compliance.



## ABOUT DEPRECIATION PROTECTION, INC.

Depreciation Protection, Inc., an Ohio-based company, works with over 400 Financial institutions across the United States. The Depreciation Protection Waiver (DPW) is designed to protect the equity in a loan (down-payment, re-finance equity, trade value or rebate) from the negative impact of depreciation upon total loss. DPW does not compete against GAP, but simply provides an alternative sale solution when the borrower has positive equity and does not have the need for traditional GAP.

For more information, contact your Allied Solutions sales representative or visit our [contact us](#) page.