

# MEMBER'S CHOICE<sup>®</sup> Mechanical Repair Coverage

## Common Member Questions Guide



### What is Mechanical Repair Coverage (MRC)?

Common Purpose. Uncommon Commitment.

MEMBER'S CHOICE<sup>®</sup> Mechanical Repair Coverage, or MRC, is a high quality, comprehensive extended warranty which provides repair cost protection on eligible vehicles.

### PURCHASING

#### Why should I consider purchasing MRC?

- *Repairs can be expensive.* The average cost for a major repair, like an engine, could be around \$3,500.
- *Vehicle age:* As your vehicle gets older, the risk and cost of repairs increases.
- *Unexpected breakdowns:* These events can negatively impact your family's budget. MRC helps reduce the cost of unexpected breakdowns.
- *May increase your resale value:* If you decide to sell your covered vehicle privately, you can transfer the coverage to the new owner.
- *Lock in repair costs:* By purchasing MRC now, you lock in the cost of future repairs plus your selected deductible, for all covered repairs during the time you own the covered vehicle.

#### Why should I purchase MRC now on my new car? Shouldn't I just wait until the manufacturer's warranty expires?

By waiting to purchase coverage, the cost to purchase MRC will be higher due to the age and mileage on the vehicle. In addition, the original manufacturer's warranty may not offer all of the additional benefits that come with MRC, like roadside assistance, rental car reimbursement or travel expense reimbursement.

Additional Information: While it seems like you would be double-covered if you purchased MRC now, there are clear advantages in *not* waiting until your factory warranty expires:

1. It will cost less today (in some instances much less) than purchasing later when your vehicle is older and has more miles on it.
2. Instead of worrying about how to come up with the money to pay for MRC later, you can include MRC in the auto loan you are taking out with us now.
3. You won't have to worry about remembering when your factory warranty expires; you will have a smooth transition of coverage right from your manufacturer's warranty into MRC. How likely are you to remember to come back into the credit union to purchase MRC?
4. You will have some additional benefits available to you today even while your manufacturer's warranty is active. (*Point to the Additional Benefits section of the Sales Aid Brochure.*)

#### When can I purchase MRC for my vehicle?

You can purchase MRC at *any time*, as long as the vehicle is 12 model years old or less, has 120,000 miles or less on the odometer and meets other basic eligibility requirements. It does **not** need to be under the original manufacturer's warranty period.

#### What if I want to get pre-approved and I don't have a vehicle selected yet?

No problem. In situations like yours, the following plan is recommended:

1. Complete the loan pre-approval process with us.
2. Shop for a vehicle at the dealer but hold off on signing a purchase agreement.
3. Drop off or fax your agreement to the credit union along with any warranty program offerings.
4. We will analyze the information and call you back to share details on how we may be able to save you money using MRC.

MEMBER'S CHOICE<sup>®</sup> Mechanical Repair Coverage is administered by Consumer Program Administrators, Inc. in all states except AK and CA, where coverage is administered by Virginia Surety Company, Inc., in WA, where coverage is administered by Automotive Warranty Services, Inc., in FL, LA, OK and WI, where coverage is administered by Automotive Warranty Services of Florida, Inc. (Florida License #60023) and in AZ, where the Obligor and Administrator is Consumer Program Administrators, Inc., all located at 175 West Jackson Blvd., Chicago Illinois 60604, 800.752.6265. This coverage is made available to you by CUNA Mutual Insurance Agency, Inc. In those states where MEMBER'S CHOICE<sup>®</sup> Mechanical Repair Coverage is offered as insurance (form MCCU-001-MBI) it is underwritten by Virginia Surety Company, Inc.

### Isn't MRC expensive?

Would you agree that cars are expensive to fix? (*In the Sales Aid Brochure, point to Fact #2.*) The credit union is a cost-conscious place to get a policy like this. We will provide better coverage at a lower price than most other programs. Without a policy like MRC, you would have to pay for repairs out of your pocket. What kind of savings do you currently have set aside for unexpected car repairs?

### I've bought extended warranties before on previous cars and never used them. How is this any different?

- During the time you owned that car, did the warranty help provide you peace of mind knowing that if covered repairs were required, you would pay less out of pocket?
- Did you use any of the additional benefits of the program like roadside assistance?
- Given repairs are needed for many vehicles, it's uncommon that you have not had to make unexpected repairs on your previous vehicles. This vehicle may not be the same and with MRC an unexpected breakdown could minimize the cost you would pay out of pocket to repair.
- Consider what total cost of the coverage works out to be on a yearly basis. For example, if your MRC policy costs \$1,200 for six years of coverage; that's only \$200 a year. Wouldn't knowing your covered repair cost would be limited to \$200 per year plus your deductible be a benefit to you?

### Why would I need MRC if I do my own repairs?

You still have to pay for parts and you wouldn't experience the full benefits of MRC; repair guarantee, roadside assistance, and reimbursement for rental and travel expenses (as applicable to state of residence). (*In the Sales Aid Brochure, point to Fact #2 and Additional Benefits. You could also use the listing of parts, especially things covered under Platinum.*)

## CANCELLATION & TRANSFERABILITY

### Can I transfer my MRC coverage from one vehicle to another?

MRC stays with the vehicle for which coverage was originally purchased. When you are ready to purchase your next vehicle, you have two options for the coverage on your current vehicle:

- a) Sell the vehicle privately and transfer the coverage within 30 days from the date of sale
- b) Prior to trading in your vehicle to a dealer, cancel your coverage and receive a refund

Both options carry a nominal administrative fee. (*Refer to your credit union's Vehicle Service Contract for state specific details.*)

### What kinds of refunds are available if I cancel coverage?

It depends on the number of days since the purchase date of the contract and if any claims have been paid. (*Use the chart to answer the member's question and highlight the 60 day free-look period.*)

# of Days From Purchase Date	Claims Paid	Refund	Administrative Fee
0 to 60 days	No	100%	None
0 to 60 days	Yes	Pro-rated	Yes*
61 or more	NA	Pro-rated	Yes*

\*Refer to your credit union's Vehicle Service Contract for state specific details.

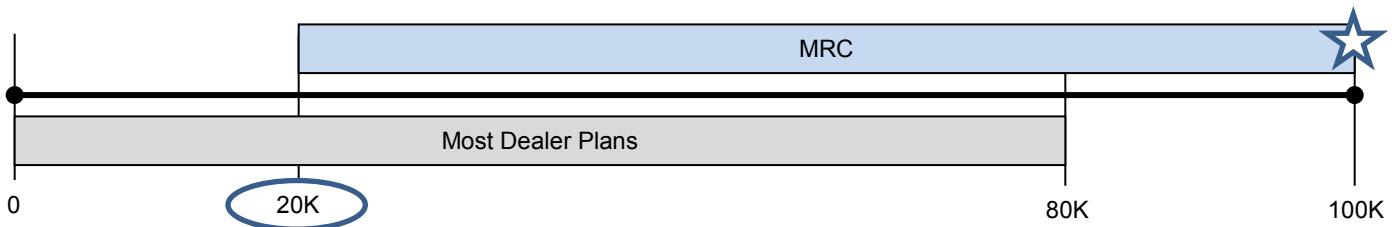
## COVERAGE

### How is mileage coverage different with MRC as compared to most dealer plans?

All MRC service contracts are add-on coverage for time and miles. This means coverage starts on the purchase date of the contract and current odometer miles and then covers your vehicle into the future for the exact number of miles or months you purchased (whichever comes first).

Consider drawing out the diagram below as visual aid while answering the member's question:

- Let's walk through a visual example of how the add-on coverage feature could benefit you.
- Let's say your current vehicle has 20,000 miles on it. (*Circle 20K in the diagram.*)
- Most dealer plans use the in-service date (or 0 miles) as the start date for their policies. What that means to you is if you purchased 80,000 miles of coverage from the dealer their policy would "rewind the clock" and start your policy at the in-service date (or 0 miles)! As a result, you would only receive 60,000 miles of coverage since your policy would expire at 80,000.
- Instead if you purchased MRC, you would receive the benefit of a full 80,000 miles of coverage to 100,000 miles, because our clock starts from the *purchase date*, not the *in-service date*. (*Make a star on the 100K line on the MRC bar.*)



### What costs are covered for a repair?

Every MRC contract pays the reasonable and customary charges for parts and labor necessary (less the member's deductible) to repair or replace the parts covered. These charges are limited to the manufacturer's suggested retail price for parts, and labor allowances derived from nationally recognized labor time allowances. There are three levels of coverage available, based on what you want covered. In addition, Cause and Effect damage is also covered. What that means to you is if a *covered* part fails and causes damage to an *uncovered* part, both parts are covered.

### What type of replacement parts does the coverage allow for use in repairs?

Replacement parts used in covered repairs may include non-original equipment, manufacturers' parts, new, remanufactured, or used parts that meet the quality standards of the repairer or claims administrator.

### What requirements must a repair facility meet in order for MRC to cover the repairs?

The licensed repair facility must be located in the United States or Canada, provide at least a 6 month and 6,000 mile guarantee on parts and labor for the repair and must be authorized by the claims department before beginning any repairs. Most dealer plans limit your selection to a single dealership and/or a dealership that's part of the same manufacturing family while MRC empowers you to choose your repair facility.

## CLAIMS & THE WARRANTY GROUP (TWG)

### What's a typical claim experience look like?

1. You take your vehicle (or have it towed) to an authorized repair facility.
2. Let the repair facility know you have MRC and ask the service manager to contact The Warranty Group (TWG) at the designated 800 number for pre-authorization before beginning repairs.
3. The service manager contacts TWG and talks to one of 180 ASE certified technicians who process thousands of claims a week. The technician assists in diagnosing problems and quickly provides approval for required repairs and any additional benefits (as applicable). Occasionally, TWG may send out an inspector to review the claim in person within 24 hours of the request.
4. Your vehicle is repaired and a final repair order is faxed to TWG.
5. You pay any deductible and TWG pays the remaining balance directly to the repair facility via credit card or check. In fact, over the past 12 months (Sept 2012 to August 2013) TWG paid more than *\$16 million* in claims to over 19,000 contract holders. That's about *\$40,000* every day!

### Who is The Warranty Group (TWG)?

- One of the world's largest providers of extended service contract products with more than *300 million* service contracts in force and *\$21 billion* in assets.
- Most service contract products are underwritten by Virginia Surety Company (a subsidiary of The Warranty Group), rated A- by A.M. Best; [www.ambest.com](http://www.ambest.com)
- Provides underwriting and claims administration service to ensure a high quality experience for all contract holders.
- Contract holder online service portal at [www.mrclaims.net](http://www.mrclaims.net)
- Additional details at [www.thewarrantygroup.com](http://www.thewarrantygroup.com)

## NOTES

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