

# Mechanical Repair Coverage

## Common Member Questions



## What is Mechanical Repair Coverage (MRC)?

MEMBER'S CHOICE® Mechanical Repair Coverage (MRC) is a high-quality, comprehensive Vehicle Service Contract that covers the costs of covered repairs for new or used eligible vehicles, after the initial manufacturer's warranty has expired.

## MRC Channels

Your credit union has selected which channels will be used to offer MRC to your members. It may be through the traditional loan event, Direct Marketing, or both. **Verify which channel(s) your credit union has elected by viewing page two of your product sheet.**

- Loan event: during the loan interaction/event
- Direct Marketing: outside the traditional loan event (Review Direct Marketing Common Member Questions [below.](#))

## Purchasing

### *Why would I want to consider purchasing MRC?*

- **Repairs can be expensive:** The average cost for a major repair, like an engine, could be around \$8,900.
- **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.

### *Why would I want to purchase MRC now on my new car? Wouldn'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 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, the advantages of *not* waiting until your factory warranty expires are:

1. It may 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.

### ***Can a co-borrower be added to the contract?***

Yes, borrowers and co-borrowers can be listed on the contract.

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

You can purchase MRC at any time, as long as the vehicle is 15 model years or newer, has 150,000 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.

MRC WILL NOT PAY FOR ANY REPAIRS THAT EXISTED PRIOR TO YOUR MRC PURCHASE TODAY.

### ***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 vehicle service contract 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.

### ***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. You may have to pay more with another company for less coverage and higher prices. 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?

### ***Why are some plan coverages expensive?***

It's based on the vehicle type. Parts and labor for vehicles like BMW and Mercedes-Benz cost a lot more.

### ***Why am I seeing Protection Advisor® display N/A?***

Protection Advisor® will display N/A if the vehicle is not eligible or the quote is more than \$10,000.

***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 \$1,500 for six years of coverage; that's approximately \$200 a year. Wouldn't knowing your covered repair cost would be limited to approximately \$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 and 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:

- Sell the vehicle privately and transfer the coverage within 30 days from the date of sale
- 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 TRIAL PERIOD.

<b># of Days From Purchase Date</b>	<b>Claims Paid</b>	<b>Refund</b>	<b>Administrative Fee</b>
<b>Zero to 60 Days</b>	No	100%	None
<b>Zero to 60 Days</b>	Yes	Pro-Rated	Yes*
<b>61 or More Days</b>	NA	Pro-Rated	Yes*

\*REFER TO YOUR CREDIT UNION'S VEHICLE SERVICE CONTRACT FOR STATE SPECIFIC DETAILS.

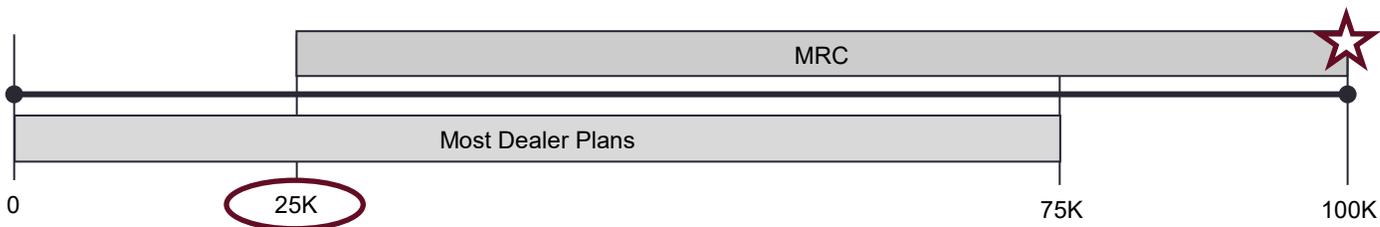
# Coverage

## **How is mileage coverage different with MRC as compared to some 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 25,000 miles on it. (Circle 25K in the diagram.)
- Some 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 75,000 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 50,000 miles of coverage since your policy would expire at 75,000.
- Instead if you purchased MRC, you would receive the benefit of a full 75,000 miles of coverage that would expire at 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 industry standard 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 industry standards.

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

The licensed repair facility must be in the United States or Canada and provide a guarantee on parts and labor for the repair and must be authorized by the claims department before beginning any repairs. Your Vehicle Service Contract outlines the minimum term and miles that a guarantee must be provided by the repair facility. 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.

### ***What does pre-existing condition mean?***

A condition that existed prior to the purchase of the MRC. A simple example is a member purchases MRC and two weeks later files a claim for a bad water pump. The mechanic looks at the vehicle and can see dried and caked anti-freeze all over the engine. It's obvious the owner knew of the problem and kept adding anti-freeze, so that the pump would be repaired under policy. This would be denied as a pre-existing condition.

## **Claims and Assurant**

### ***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 advisor to contact the Administrator at the designated 800 number for pre-authorization before beginning repairs.
3. The service advisor contacts the Administrator and provides the claim adjuster the member complaint, the cause of the failure and what they believe should be done to fix the repair that is needed. If the adjuster can approve the claim on that call, he or she will do so along with any other additional benefits such as a rental car. If the service advisor needs to provide more information or the vehicle needs torn down, the adjuster and service advisor agree on the next steps and the service advisor is asked to call the claims center back when they have all the information needed to diagnose the claim. Occasionally, the Administrator may send out a third-party inspector to review the claim in person within 24 hours of the request in most areas. The inspector is sent to provide additional information but cannot deny or approve the claim. That is left up to the claim's adjuster in the claims center.
4. Your vehicle is repaired, and a final repair order is faxed to Administrator.
5. You pay any deductible and AWS pays the remaining balance directly to the repair facility via credit card or check. In 2018, over 24,000 claims were paid for CU members under the MRC program.

### ***Who is Assurant?***

- Assurant, formerly The Warranty Group (TWG), is a leading provider of lifestyle solutions. They help their clients protect and support the major purchases consumers make—like their cars, homes, appliances and phones—in new and different ways. With 16,000 dedicated employees in offices all over the globe, Assurant has helped hundreds of industry leaders grow their business and improve the customer experience.
- Assurant, with TWG, are the significant market leaders in the Auto Vehicle Service Contract space, with over 25% of the market.
- Assurant is the product provider, insurer and claims administrator for the MRC program.
- Assurant is the largest insurer of vehicle service contracts in the world and has been administering service contracts since 1977.
- Assurant with the purchase of The Warranty Group, has been in the credit union industry since 1991 and has been partnering with CUNA Mutual Group since 1998 to offer our credit union partners an MRC program.
- MRC is Underwritten by Virginia Surety Company, Inc. (a wholly-owned subsidiary of Assurant) 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.assurant.com](http://www.assurant.com)

# Direct Marketing

## ***What is the MRC Direct Marketing Channel? Why do members value this channel?***

The MRC direct marketing channel is powered by Forevercar, a vehicle service contract purchasing platform that allows members to protect their eligible vehicles through online and call center channels. This includes members that have an auto loan with the credit union who may not have purchased MRC during the loan transaction or members that received their loan through an auto dealer or indirect loan. It also applies to members who financed with another institution or who own their vehicles outright. This channel allows members the opportunity to research and easily purchase MRC online and on their own time as well as the ability to talk with a specialist who can answer questions and provide a positive experience.

## ***Which members are contacted?***

Targeted marketing messages that may be tailored based on the member's relevant vehicle information or previous MRC purchase decision are sent to members. A member can visit the [Forevercar website](#) or call to purchase MRC.

## ***What kind of experience will I have when I call Forevercar?***

The phone representatives will discuss your situation and the vehicle(s) you are interested in covering. Coverage will be recommended that best accomplishes your goals. The choice to purchase is completely yours. There is no pressure and agents will provide you with what you need to make an informed decision.

## ***How can I be removed from future emails?***

Your name can be removed from future emails sent by ForeverCar, by clicking on the "Opt Out" link in the email.

## ***When will Forevercar call me?***

Unless you have provided your phone number and consent to be contacted, you will not be called. At any time, you can let representatives know if you would or would not like to receive future phone calls.

## ***Who do I contact to learn more about the specific details of coverage?***

At any time, you can call Forevercar at 844.392.4797 M-F 8am–9pm CST and Saturday 8am -12pm CST. The agents will be able to properly direct calls and answer your question.

## ***What if I want to refinance and elect MRC to be purchased with my refinance?***

l/one of our loan representatives would be happy to explore options for refinancing and the availability of purchasing MRC at the time of refinancing the loan.

## ***Who do I call when I have a claim?***

Regardless of the channel through which coverage was purchased, Assurant handles all claims administration. Their exceptional claims team is ready to help you. Simply call 844.392.4797.

## ***How do I cancel a contract?***

When coverage was purchased through the Forevercar website or call center, call Forevercar at 844.392.4797 M-F 8am–9pm CST and Saturday 8am -12pm CST.

***I purchased MRC through Forevercar and I have a question about how coverage works. Who should I call?***

You can call Forevercar at 844.392.4797 M-F 8am–9pm CST and Saturday 8am -12pm CST. The agents will be able to properly direct calls and answer credit union and member questions.

FOREVERCAR AGENTS WILL NOT HAVE ACCESS TO ANY EXISTING CONTRACTS IF THE CREDIT UNION ISSUED MRC AT THE TIME OF THE LOAN. THEY WILL DIRECT MEMBERS TO CALL ASSURANT IF THIS IS THE CASE.

Credit union staff can call Forevercar at 844.392.4797 M-F 8am–9pm CST and Saturday 8am -12pm CST.

The agents will be able to properly direct calls and answer credit union and member questions.