

# PRODUCT TRAINING MANUAL

## GAP WAIVER PRODUCT



**AMERICAN NATIONAL INSURANCE COMPANY  
CREDIT INSURANCE DIVISION  
2450 SOUTH SHORE BLVD., SUITE 502  
LEAGUE CITY, TX 77573**

**MAILING ADDRESS  
P.O. BOX 9007  
LEAGUE CITY, TX 77574-9007**



# MORE THAN A CENTURY OF SERVICE

Chartered under the laws of Texas in 1905, American National Insurance Company (American National) has enjoyed persistent growth during the past ten decades. Since its beginning in a three-story building on 22<sup>nd</sup> and Strand in Galveston, TX, the Company has evolved into an industry leader, ranking among the strongest of the more than 1,800 life insurance companies in the United States.

From a beginning capital of \$100,000 and surplus of \$20,000, American National now has realized assets in excess of \$20 billion.

Today, the Company and its affiliates provides personalized services to about 7,000,000 policyowners throughout 50 states, including Hawaii and Alaska, as well as the District of Columbia, Guam, Puerto Rico, and Western Europe. Business is conducted in New York by American National Life Insurance Company of New York, (Glenmont, NY), a subsidiary of ANICO.

This remarkable record of growth is the result of aggressive management, which had its beginning with Galveston pioneer and financier, W. L. Moody, Jr., the Company's founder.

The Company has enjoyed steady growth through the sale of individual life and health insurance from its inception. The American National family of companies offers a complete line of insurance protection including individual, group, credit life and credit disability insurance, mutual funds, pension plans, annuities, and in some states, property and casualty coverage.

## **STRENGTH AND STABILITY**

American National enjoys an A. M. Best rating of A (Excellent) and a Standard & Poor's rating of A (Strong). American National's strength and stability is unsurpassed in the insurance industry with over \$120 of assets per \$100 Liabilities. American National's strong financial position will enable the Company to respond aggressively to the challenges and opportunities of the future.



# AN INDUSTRY LEADER

American National's Credit Insurance Division is recognized as one of the leading writers of credit-related insurance products in the United States. With over sixty years' experience in the industry, American National has earned a reputation as an industry leader by offering a wide variety of competitive products and services to the financial marketplace and supporting them with borrower-focused service. American National is continually striving to enhance the value and service provided to both borrowers and producers.

The American National portfolio of credit-related debt protection products and administrative services are offered through credit unions, banks, consumer finance companies, and retail merchants.

For more detailed information, you may visit American National's web site at [WWW.ANICO-CID.COM](http://WWW.ANICO-CID.COM).



# OUR COMMITMENT

American National's mission is to be the company of choice for insurance and other financial products and services while maintaining superior financial strength.

Our staff is committed to helping you understand the credit insurance products we are offering through you that will enhance the portfolio of products available to your borrowers and to provide answers to questions you might have regarding these credit insurance products. To ensure that your program is a success, we will thoroughly review with your team all of the critical elements that will drive your program including: administration, marketing, and training.

We are prepared to launch your program in an efficient and seamless manner. Our team will seek solutions that will add value to your organization and strengthen your relationship with your borrowers.

## DESCRIPTION OF CAPABILITIES

**Why American National?** We provide the key ingredients for a successful debt protection program.

- Sound financial partner
- Proven leader in the credit insurance markets
- Detail-oriented partner positioned to immediately provide requested products and exceptional support services, including, but not limited to, training, licensing, claims, compensation, and reporting

**“We are committed to delivering products that will strengthen your relationship with your borrowers.”**



# SUPPORT SERVICES

**As part of our commitment to delivering a successful program, our team of marketing and service professionals will provide the following services:**

- Organize and coordinate the implementation of the proper systems to get your program started
- Provide detailed procedure manuals and the required documents for all product types
- Customer Service staff is available from 8:00 a.m. to 4:30 p.m. (Central Standard Time) Monday through Friday to answer questions regarding policies, premium quotes/cancellations, and claims.

Online Customer Service is available from 7:00 a.m. to 6:00 p.m. (Central Standard Time) Monday through Friday at: [WWW.ANICO-CID.COM](http://WWW.ANICO-CID.COM)

- Periodically analyze your program to help maximize your program's potential
- Provide monthly production and loss ratio reports to review your program's profitability
- Additional reports including claim/benefit analysis and average term data are also available for review upon request.

***Support services are available to help your business maximize its profits and to ensure that all facets of your program are meeting the needs of your clients. American National's staff is always available to assist your organization and to help guarantee the success of your program.***



# GAP WAIVER PROGRAM

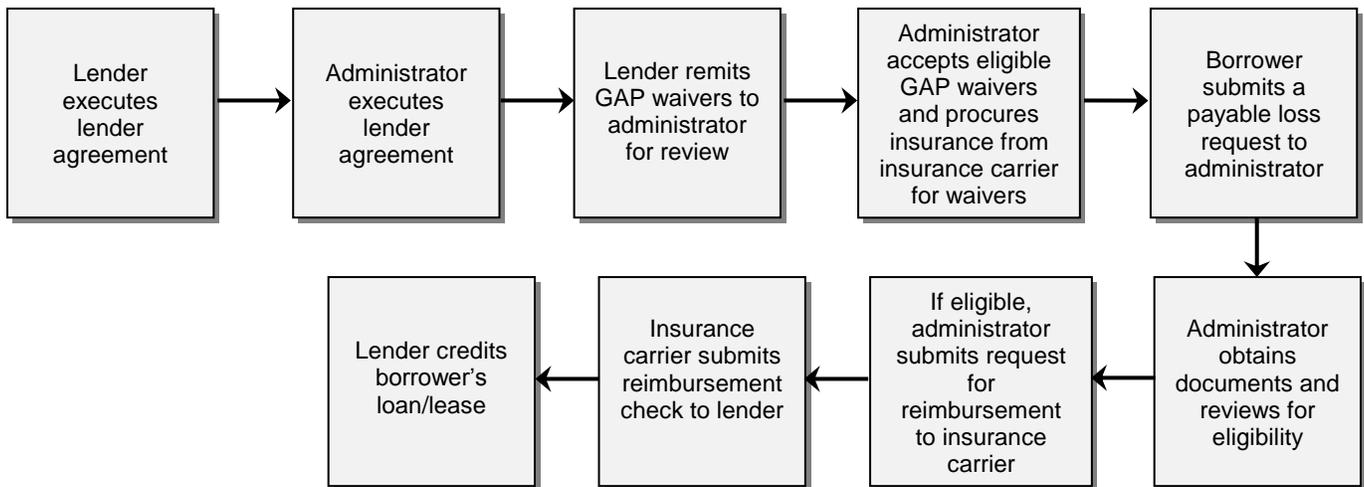
## WHAT IS IT?

GAP waiver provides protection in the event of a constructive total loss or an unrecovered theft of the collateral. GAP may waive the difference between the primary insurance settlement and the net outstanding balance on the borrower's collateral on the date of loss.

It is important to recognize that GAP Waiver is a debt protection product, not an insurance product.

## HOW DOES IT WORK?

The GAP waiver is between the borrower and lender.



## CONTRACT STRUCTURE

The borrower elects to purchase GAP waiver at the time of sale. The lender will remit the GAP waivers to the administrator. The administrator procures a contractual liability insurance policy (CLIP) from an insurance carrier, which shall insure the lender's obligation to its borrowers.





# GAP WAIVER PROGRAM

## NON-REFUNDABLE GAP WAIVER

### Coverage Eligibility

- Coverage is available for new and used vehicles, private passenger vehicles, vans, and light duty trucks not to exceed 12,500 pounds gross vehicle weight.
- Coverage is available on retail installment loans, balloon loans, and leases (at loan or lease origination only).

### Coverage Limitations

- Maximum Limit of Liability: \$25,000
- Maximum Term: 84 Months
- Maximum Amount Financed Limit:
  - \$75,000 – Autos, Light Trucks, Vans, and Boats
  - \$50,000 – Motorcycles, Snowmobiles, ATVs, Golf Carts, and Jet Skies
- Primary Carrier Deductible Limit: \$1,000
- Maximum Percentage of MSRP or NADA: 120%

### Exclusions

The GAP waiver does not provide coverage for loss:

- occurring prior to the effective date of the GAP waiver.
- due to confiscation of the collateral by a government body or public official.
- caused by theft or fire unless the borrower or the lender files a police and/or fire report.
- resulting from the collateral being operated, used, or maintained in any race, speed contest, or other contest.
- to the collateral while used for commercial purposes.
- occurring after the collateral has been repossessed by the lender or placed in the lender's possession or in possession of the lender's employees or agents.
- for any amounts deducted from the primary carrier settlement due to wear and tear, prior damage, unpaid insurance premiums, and towing and storage.



# GAP WAIVER PROGRAM

## NON-REFUNDABLE GAP WAIVER - continued

### Exclusions

The GAP waiver does not provide coverage for loss:

- to the following vehicles, which are excluded from coverage: Daewoo, Bentley, Lamborghini, Lotus, Maserati, Ferrari, Rolls Royce, Yugo, Aston Martin, recreational vehicles (RVs), trailers, houseboats, and boats in excess of 50 feet in length.
- attributable to other than the standard or optional equipment available from the manufacturer of the Collateral, including, but not limited to: special carpeting, furniture, bars, audio, video or data equipment, cooking and sleeping facilities, customized paint, or any equipment installed to overcome a physical handicap. Factory approved conversion packages and dealer installed options usually included in used car value guidebooks are not excluded.

The GAP coverage **does not include:**

- any refundable additions to the loan/lease amount.
- late charges and fees added after the loan/lease inception.
- any portion of primary insurance deductible that exceeds \$1,000.
- any portion of a deficiency balance that results from an original loan amount (loans) or original total capitalized amount (lease) that exceeds 120% of MSRP (new cars) or NADA average retail book value (used cars).
- delinquent payments more than 30 days.

The borrower has a 60-day free look. After 60 days from the inception date, the fee is fully earned and non-refundable.



# GAP WAIVER PROGRAM

## REFUNDABLE GAP WAIVER

### Coverage Eligibility

- Coverage is available for new and used vehicles not to exceed 10,000 pounds gross vehicle weight.
- Coverage is available on retail installment loans, balloon loans, and leases (at loan or lease origination only).

### Coverage Limitations

- Maximum Limit of Liability: \$25,000
- Maximum Term: 84 Months
- Maximum Amount Financed Limit: \$100,000
- Primary Carrier Deductible Limit: \$1,000
- Maximum Percentage of MSRP or NADA: 120%

### Exclusions

The GAP waiver does not provide coverage for loss:

- from a peril not covered by your primary insurance company.
- arising out of racing, speed contest, confiscation, acts of war, covered collateral being used by your agents or employees, gradual wear and tear, gradual deterioration, obsolescence, rust, corrosion, latent defect, inherent defect, freezing, overheating, or resulting from any repairing, restoration, or remodeling process, structural, mechanical, or electrical breakdown or failure unless fire or other accident ensues, or intentional acts by you, or if your primary insurance company denies your claim.

The GAP coverage **does not include**:

- any refundable additions to the loan/lease amount.
- late charges and fees added after the loan/lease inception.
- any portion of primary insurance deductible that exceeds \$1,000.
- any portion of a deficiency balance that results from an original loan amount (loans) or original total capitalized amount (lease) that exceeds 120% of MSRP (new cars) or NADA average retail book value (used cars).
- delinquent payments more than 30 days.

The borrower has a 60-day free look. After 60 days from the inception date, the fee will be calculated by the pro rata method.



# GAP WAIVER PROGRAM

## ADVANTAGES

- Helps protect the borrower's and lender's interest in the collateral
- Coverage begins immediately
- There are no age restrictions

## GAP PRICING

It is important to recognize that GAP waiver is a debt protection product, **not an insurance product**. The borrower does not receive an insurance policy, and it should not be disclosed as such when soliciting the sale of GAP waiver to a borrower. The borrower is charged a fee for GAP waiver and is not paying any type of insurance premium.

The bank is charged a fee, and then marks up its fee to receive its non-interest fee income from the sale of GAP waiver. Each bank determines the retail price, which is the GAP charge to the customer.

## WHAT DOCUMENTS DO CUSTOMERS SIGN? HOW ARE DOCUMENTS OBTAINED?

The customer is required to sign a GAP Waiver and a GAP Disclosure Form. Both forms can be accessed on the Internet. Once at that site, choose the GAP option to access a GAP Waiver, which is a simple two-page agreement that you can complete and immediately print. The state of Texas requires the bank and the borrower to execute a GAP Disclosure Form wherein the borrower acknowledges that he or she is not required to purchase GAP coverage in order to obtain a loan or lease from the bank.



# GAP WAIVER PROGRAM

## COMPARISON SUMMARY

	<b>Non-Refundable</b>	<b>Refundable</b>
Free Look	60 days	60 days
MSRP Limit	120%	120%
Maximum Term	84 months	84 months
Limit of Liability	\$25,000	\$25,000
Maximum Amount Financed	\$75,000 (autos, light trucks, vans, and boats)	\$100,000
	\$50,000 (motorcycles, ATVs, jet skis, golf carts, snowmobiles)	
Delinquent Payments	no more than 30 days	no more than 30 days
Deductible Limit	\$1,000	\$1,000
Payable Loss Reporting	90 days	90 days



# SELLING STRATEGIES

## SELLING STRATEGIES

There are three (3) key elements to selling products/services successfully.

- Belief that product is good and appropriate
- Basic product knowledge
- Preparation/Planned presentation

# THANK YOU...

...FOR THE OPPORTUNITY TO BECOME YOUR  
**GAP WAIVER RESOURCE**



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