

The threat to GAP Profitability and the High Integrity Solution



Mike Macaulay
Corporate
Development
Manager

Gary Beaumont
Group Business
Manager of EMG
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“Insurance is a key value added opportunity for us, and we are mindful of promoting the available products in a highly compliant manner. The new ABI Guidelines, combined with AutoProtect’s innovative pricing approach mean we are looking forward to increasing insurance sales and enhancing our bottom line, whilst all along helping our customers. In addition to the immediate protected income, we see the AutoProtect approach as supporting our CRM strategy and positively enhancing our reputation for integrity. It’s fair to say we are big fans!”



Insurance can provide valuable peace of mind to many customers. Something that is increasingly important in today’s economic climate. Helping customers to source the right products and providing them with flexibility in terms of cover, is the right way to gain long term customer support and loyalty.

New Good Practice Guidelines from the Association of British Insurers (ABI) for the sale and design of Extended Warranty and GAP Insurance were launched earlier this year and became effective on September 1st 2011.

These guidelines set out standards designed to ensure customers are able to make an informed decision about the right product for their needs. Adoption of these standards can only be for the good of all parties involved.

Customers do value insurance; the right products, the right service and the right level of flexibility. Such sales can genuinely aid long-term customer retention. Not forgetting that failing to offer insurance can also be to the detriment of the relationship, should at some time in the future the customer find themselves in the position of needing protection.

Buyer satisfaction and fair treatment are the driving principles behind the new guidelines. Mis-selling of insurance has damaged both reputations and the bottom-line over recent times. The ABI guidelines are all about promoting insurance ethically and fairly, allowing customers to



choose the products they value with clear understanding of the contract they are entering into. None of this needs to have anything other than positive implications for dealers who work with AutoProtect.

The Good Practice Guidelines have been created in consultation with the FSA, SMMT and FLA and are designed to reflect the FSA principles approach, focussing upon Treating the

Customers Fairly. Also there are specific recommendations on the design of GAP insurance, including the entitlement to cancel a policy and obtain a refund. The aim is to make insurance ‘customer friendly’; none of it needs to be onerous in the showroom in that it simply follows the existing FSA approach.

The new guidelines do, however, have clear implications for the potential refund of commission, but not for AutoProtect clients. Industry experts, AutoProtect,

are ready with support, specially designed to ensure both compliance and protection of incomes. Commenting on the new developments designed to support dealers in introducing the ABI Guidelines, Mike Macaulay, Corporate Development Manager at AutoProtect observes;

“We wholly embrace the new ABI Best Practice Guidelines. We should be proud to sell products ethically and transparently that offer good value to customers. Whilst the Guidelines are voluntary, I think we should be proactive in adopting an initiative that, if not embraced, could result in wider legal/regulatory action.

Nonetheless, early cancellation could create an issue centred upon the debit back of ‘unearned’ commission. To overcome this, we have worked with our supporting underwriters to develop an all-new product that guarantees no debit back. We think it will prove very appealing to dealers who are switched onto the value of GAP insurance.”

AutoProtect has established new products that work for both

dealers and customers. Designed to reflect the customer lifecycle, they provide a new level of flexibility that enables the customer to transfer the balance of a policy to a new car, with an option to top up the policy as required. The policy also provides a facility to cancel the balance of a policy at any time to obtain a pro rata refund for any unused period of the insurance. The Insurer will provide the full amount of the refund.

Flexibility and transparency have been to the fore as Mike adds;

“We want to ensure absolute transparency so that customers fully understand what they are purchasing. To this end, we have removed jargon in the policy documentation and adopted plain English. In the same vein, the claims process has been simplified. The goal is simple; we want to make it easier for customers to buy a product that suits their needs from their supplying dealer”.

Making it easier for customers to buy from their dealer is a principle that AutoProtect are supporting with locally based dealer training and development and online registration making product access and documentation straightforward.

In closing Mike notes;

“Ethical, easy to use and supporting the ABI Guidelines, we think we can help dealers to tick all of their required boxes, and protect their income all at the same time”.



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