

## AUTO BUYER PROTECTION PLANS SPREAD TO OTHER BRANDS

By BILL POOVEY, Associated Press

**May 27, 2009** – [Hyundai](#), [Ford](#) and [General Motors](#) are trying to attract buyers with the well-publicized assurance that their car payments will be covered if they lose their income. But even buyers of used cars and motorcycles can find protection plans as a growing number of dealers try to ease fears when consumers make a deal for a ride.

David Cole, chairman of the Center for Automotive Research in Ann Arbor, Mich., predicts buyer protection programs are going to become commonplace as automakers and dealers try to reduce uncertainty and generate traffic in showrooms.

"On one level it is kind of a gimmick," Cole said. "For somebody with uncertainty it could be a difference between buying and not buying."

But dealers say the programs come with a cost, and they may not fit the needs of every buyer.

Here are three things car buyers need to know about programs like [Hyundai's "Assurance"](#) and GM "Total Confidence" intended to ease fears among buyers that they will join the economy's victims.

### 1. YOU DON'T HAVE TO BUY A HYUNDAI, FORD OR GM VEHICLE TO GET PROTECTED.

[Hyundai Motor Co.'s Buyer Assurance Plus](#), Ford's Advantage Plan and GM's Total Confidence programs are the most well-known programs, but other auto and motorcycle dealers have started offering buyer protection. Some plans are complimentary for customers, and some provide extras that cost more, such as extending coverage to make payments for the entire duration of a loan.

Hyundai's program allows a buyer to return a vehicle within a year if unable to make the payments due to a job loss or disability, or if the buyer loses their driver's license due to a medical injury, transfers to a job overseas, or is self-employed and files for bankruptcy. The buyer can walk away from the loan without worrying that the vehicle will be worth less than the balance owed.

In cases of loss of employment or disability, Hyundai will cover up to three months of a customer's car payments if they don't want to give up their car, regardless of the cost.

Ford Motor Co.'s "Advantage Plan" will make the buyer's car payments, up to \$700 a month, for up to 12 months in case of voluntarily unemployment from a full-time job.

General Motors Corp.'s plan will make payments of up to \$500 a month for up to nine months.

When Shari Stirling and her husband bought a 2007 Dodge Ram Big Horn truck from the [Sam Swope Auto Group](#) in Louisville, Ky., they financed about \$23,000, she said. Their payment includes about \$10 a month for extended payment protection beyond the complimentary program the dealership offered.

"So many of our friends have lost their jobs," said Stirling, a stay-at-home mom who uses her family's horses to provide therapy services for children. "When they offered this there was no way we could let it go by. With what little we paid for it is well worth it."

Dick Swope, president and CEO of the auto group in Louisville, declined to discuss the cost to offer the program but said it is part of the advertising budget.

Jim Lyles, general manager at the [Rocky Mount Harley-Davidson](#) in Rocky Mount, N.C., said the dealership's buyer protection program has been bringing in customers since it started in mid-March.

"Our whole purpose is to give people peace of mind," Lyles said.

### 2. IT MAY COST YOU, EVEN IF YOU DON'T NEED IT.

Earl Stewart, a Toyota dealer in North Palm Beach, Fla., was interested in offering a protection plan to his customers but decided against it to avoid adding costs in every transaction.

"I'm not going to put my good customers in a position where they have to subsidize customers who want it," Stewart said.

Irving, Texas-based Walkaway USA, a subsidiary of the auto-retail-services firm EFG Companies, is behind the protection program at Hyundai's about 800 dealerships in the U.S. The underwriter is [Great American Insurance Co.](#)

[Jeff Beaver](#), EFG's senior vice president for marketing, said dozens of other auto and motorcycle dealers have also signed on and "we have a pipeline of a couple of hundred in the works right now."

He said dealers pay a fee on each vehicle they sell. He declined to provide the cost but said a customer's credit and other personal circumstances are not factors.

"We require the dealer to offer it at no charge, complimentary," Beaver said. "We position this with the dealer as an advertising expense. We require them to advertise the program and in most of those cases they are putting significant resources into advertising."

### **3. THE PLAN MIGHT NOT BE ENOUGH TO COVER YOU.**

Jessica Caldwell, an Edmunds.com auto industry analyst, notes that GM's plan offers payment protection up to \$500 a month.

"That's not going to cover it" for some pricey models, she said. "Also customers should look at the program timing."

For example, Ford's program requires the primary owner of the vehicle to be unemployed at least 30 days after being employed 90 consecutive days. GM's plan has a similar restriction.

"It is a lot of research for a consumer to look into," Caldwell said. "It sounds great. You have to read all the fine print and make sure it applies to your situation."

The plans typically won't help a buyer if they knew they would be laid off before they bought the car.

"If they weren't notified their job was at risk (before purchase) there is no effect on them," Beaver said. "If you are told, 'Guys, we are going to have layoffs this year,' that's not notification."

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