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Debt Protection: Pink-Slip Protection Now a Sales Tool

By Gregory Arroyo

The executive behind Hyundai's launch of its payment-assurance program called the media attention it received unparalleled. A Florida auto dealer who's been in business for 45 years said the publicity Hyundai received was like nothing he'd ever seen.

The [Hyundai Assurance Program](#), which the carmaker rolled out on Jan. 2, put a two-decade-old product back on the map. It also led to a reclassification of the product category from traditional credit insurance to lead-generation tool.

Now, several other F&I providers are looking to capitalize on the category's revival. One such company is [OSC Omega Service Corp.](#), which retooled its Auction Vehicle Repurchase Guarantee for the consumer market.

Even lender services providers, such as [The Financial Group](#) (TFG), are looking to help lenders develop their own programs. In March, it unveiled a new feature for its Web-based software package to help lenders manage its Debt Protection Program.

The latest company to ride on the coattails of Hyundai's viral advertising sensation is [AutoNation](#), which launched a similar program, called Payment Protection, at 33 of its Florida dealerships in March. The complimentary program covers pre-owned and new-car buyers, as well as lease customers, for up to six months of payments if they lose their job.

Hyundai, which beefed up its introductory program on Feb. 19, offers 90 days of payment relief should an owner lose his or her job.

AutoNation President Mike Maroone told *Reuters* in March that the program "attacks the consumer confidence issue" in today's economic climate, a problem Hyundai hoped to address with its program.

"The guy that quarterbacked the launch of the Hyundai program came from Ford. He was there during the Firestone debacle, and he said the media attention the program received blows even that away," said Jeff Beaver, a marketing executive for [EFG Companies](#), which is the U.S. distributor of the program behind the Hyundai Assurance Program.

"We also have a dealer down in Florida, Rick Case, who has a CD with seven or eight clips of him talking about the program. Even he said, 'I've been in the car business for 45 years and I've never seen anything like this.'"

The story of EFG Companies' effort to bring [WALKAWAY USA](#) — the creator of the payment-assurance program — to the U.S. marketplace is a story of how to get the planets to align.

After signing a licensing agreement with [WALKAWAY Canada](#) in 2005, the program spent the next three years being piloted and retooled before the January launch of Hyundai's program. Amazingly, EFG Companies rolled the product out the same month U.S. auto sales hit their lowest point in 27 years. The only bright spot was Hyundai.

"We wanted to be conservative and very targeted with our rollout," said Ricky Wolfe, president of business development for EFG Companies.

And although WALKAWAY sounds and feels like an F&I product, Wolfe said its true intent was to be a sales generator. In fact, the 12-month complimentary vehicle-return program Hyundai threw on the hoods of every financed and leased vehicle represents the lead-generation tool. From there, a customer can be sold on several upgrades, including full-term coverage, additional coverage for other out-of-work circumstances, and up to \$15,000 in negative equity coverage.

"We've made this transition from being F&I-only to differentiate us from other companies like ours," said Wolfe. "We just thought we needed to play sideline to sideline, so we made some strategic moves in terms of buying a CRM company, buying the licensing to WALKAWAY Canada, which we've viewed as a tremendous lead-generation tool all along."

And by the amount of calls the company received after Hyundai launched the program, dealers see the same thing. Wolfe and Beaver said the company will continue to be strategic as to where it places the product, but much of that will depend on how receptive lenders are.

"The local and regional financial institutions, banks and credit unions have been very receptive to the program," said Beaver. "The national banks, historically, have been hesitant, but with today's economic conditions, there's a much greater receptiveness to the concept of the program."



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