



Vehicle Loss Privilege Program

Program Knowledge

Objectives

Describe the features and benefits of the Vehicle Loss Privilege Program (VLPP).

Explain the appropriate VLPP options for different customers and purchase types.

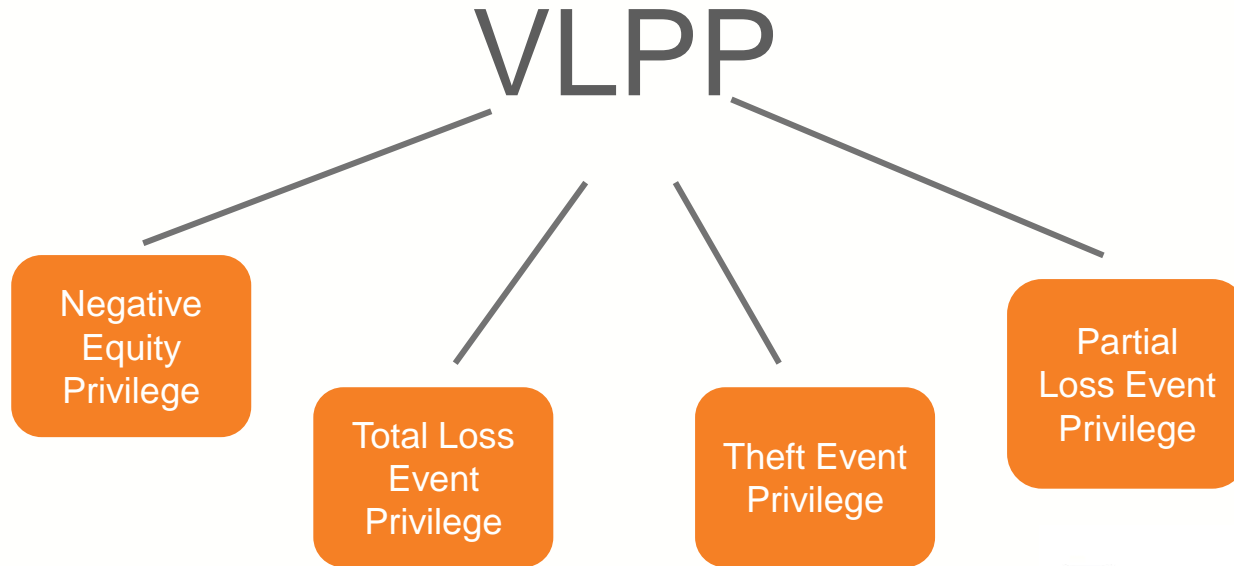
Summarize the process for requesting an in-store loyalty credit.

VLPP Enhancements

- Negative Equity (NE) Enhancements
 - Amount of NE coverage will depend on the **purchase price of the vehicle**
 - Removed the Loan to Value (LTV) cap of 170%
 - Understanding that as the risk (LTV) increases, so will the price
 - No pro-rating of coverage above 150%
- Markup Increase
 - Negative Equity, Total Loss, or Partial Loss - \$1,500 (currently \$1,000)
 - Theft Event - \$500 (no change)
 - Two or more plans - \$2,000 (currently \$1,500)
- Allow Total and Partial Loss credits to be cumulative
 - Currently if the customer purchases a bundle plan and a second request is made, the second privilege amount is reduced by the first privilege amount
- Include taxes in the purchase price but minus discounts
 - Currently when we adjudicate claims, we minus taxes. This will no longer be the case.

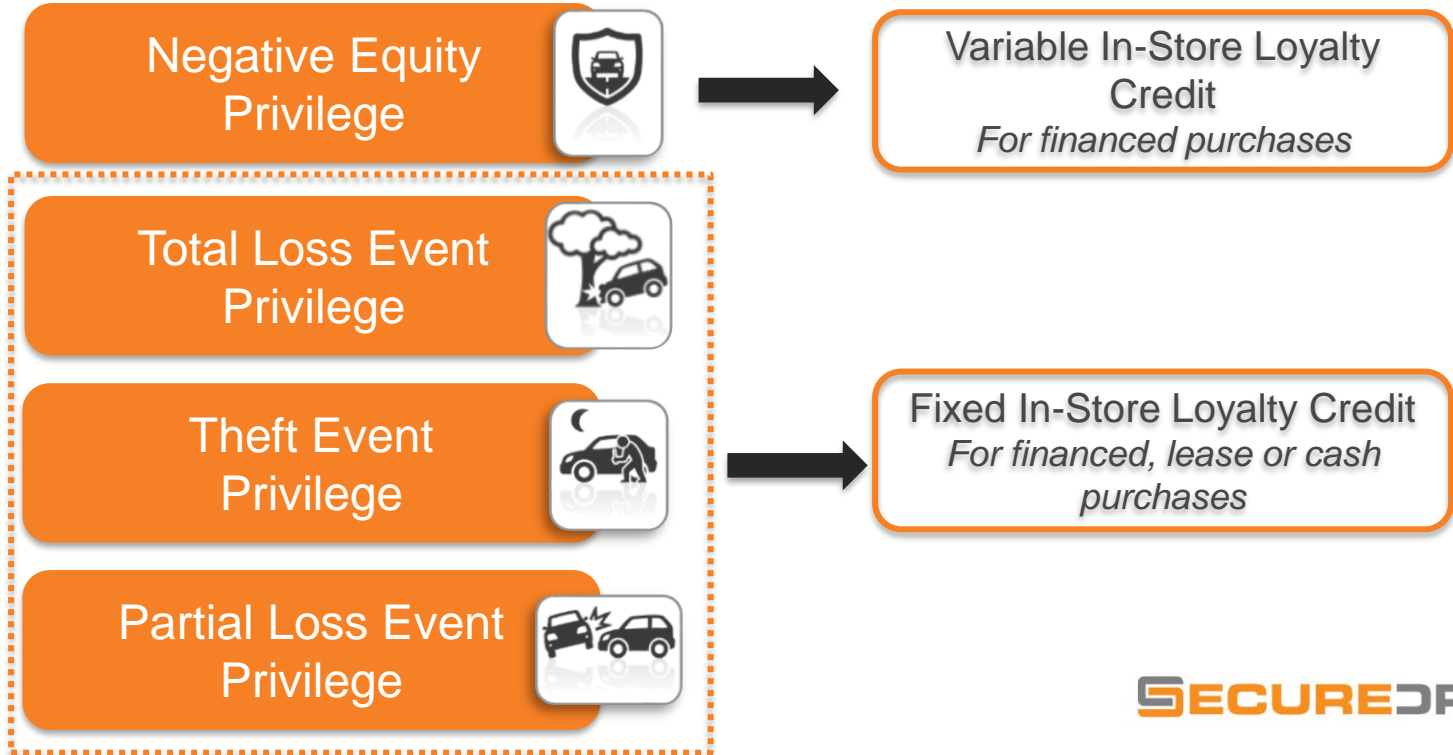
Four Components of VLPP

VLPP is a customer loyalty program that will provide certain privileges in the form of an in-store loyalty credit in the event that a customer's existing vehicle is deemed a partial or total loss.



Overview

VLPP provides an in-store loyalty credit which can be redeemed at the selling dealer.



Negative Equity Privilege

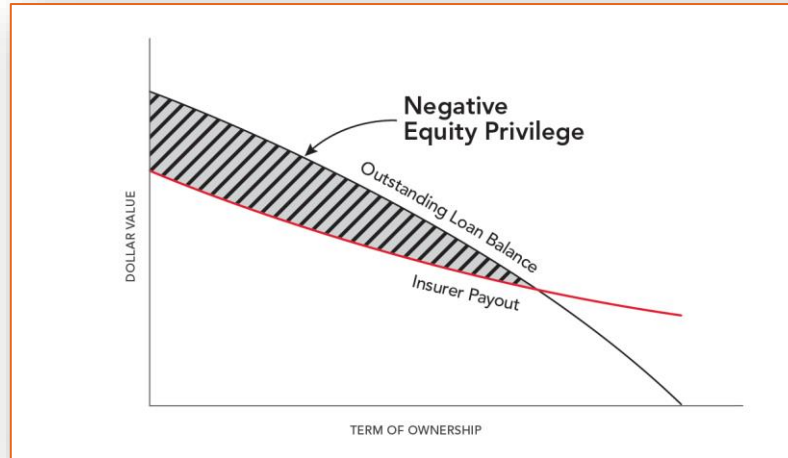
Negative Equity
Privilege



- Eligible total loss with outstanding loan balance
- In-store loyalty credit in the amount of the deficiency balance
- In-store loyalty credit applies at selling dealer
- Maximum credit depends on original purchase price of vehicle

Negative Equity Privilege

Deficiency Balance =
Amount owed – Value of Vehicle



Negative Equity Privilege Example



Loan Value
\$150,000 max.

In-Store Loyalty Credit

Loan Amount Owed – Value of Vehicle
(Up to \$10,000, \$25,000, \$50,000 or \$75,000, based on the original purchase price of the vehicle)

Vehicle Sale



Vehicle purchase price:
\$30,000
Loan Amount:
\$40,000

The maximum allowed
privilege amount based on
that purchase price is
\$50,000

Eligible Loss



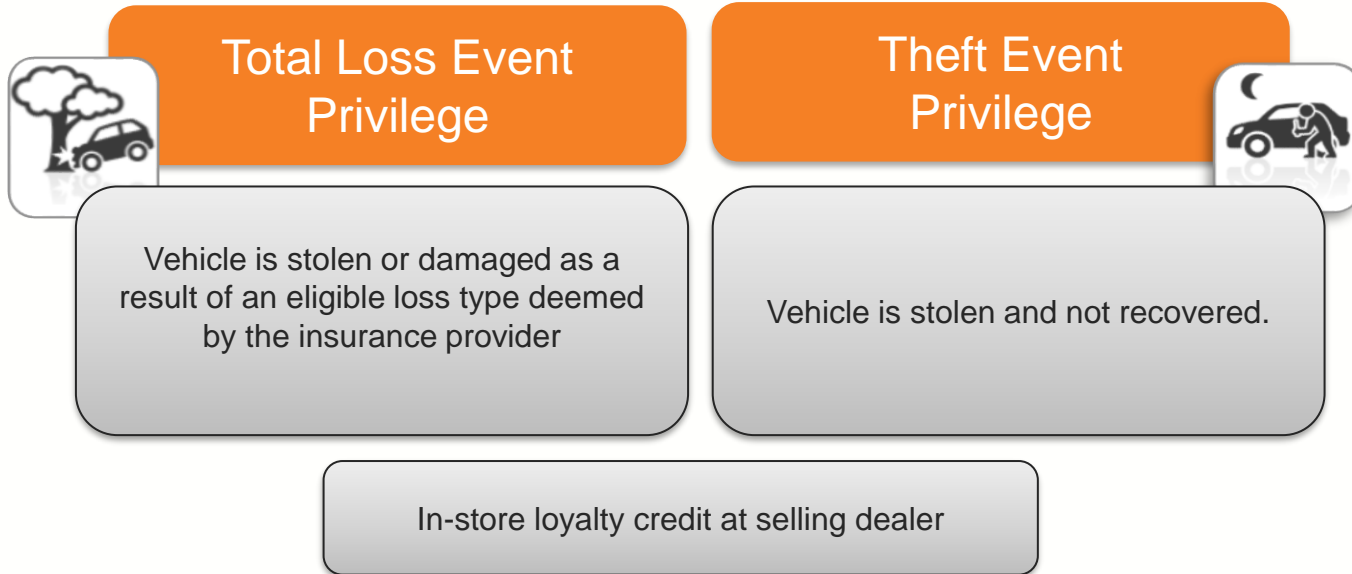
Amount Owed: \$18,709.61
Value of Vehicle: \$13,415.00
(Cancellable Add-Ons: \$1,228.69)
Deficiency Balance : \$4,065.92

Maximum Negative Equity Privilege Amount



Maximum credit depends on original purchase price of vehicle

Purchase Price	Maximum NE Privilege
\$1 – \$9,999	\$10,000
\$10,000 – \$24,999	\$25,000
\$25,000 – \$49,999	\$50,000
Greater than \$50,000	\$75,000

Total Loss Event and Theft Event Privileges



Total Loss Event and Theft Event Privilege Amounts

	Vehicle Value	Privilege Amount
Total Loss Event 	Up to \$20,000	\$5,000
Theft Event 	\$20,001-\$40,000	\$5,000 or \$7,500
	\$40,001+	\$5,000, \$7,500 or \$10,000

Partial Loss Event Privilege

Partial Loss Event
Privilege




Vehicle declared Partial Loss by insurer

Partial Loss Event: Vehicle is damaged and repaired, resulting in a damage record on the vehicle's history report.

In-store loyalty credit at selling dealer

Partial Loss Event Privilege Amount

	Vehicle Value	Vehicle cash value
 Partial Loss Event	Up to \$20,000	\$2,500
	\$20,001-\$40,000	\$2,500 or \$3,750
	\$40,001+	\$2,500, \$3,750 or \$5,000

Customer Overview

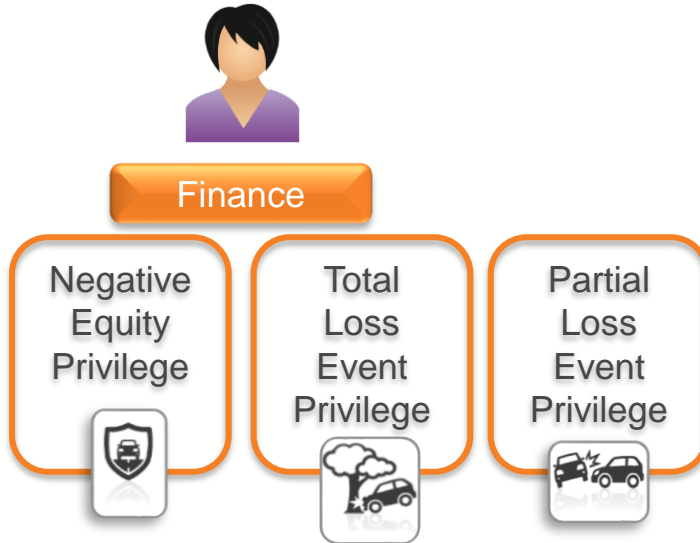


Finance

- Offset negative equity
- Purchase replacement vehicle
- Neutralize negative impact on vehicle value

What privileges would we recommend for this customer?

Customer Overview



Customer Overview

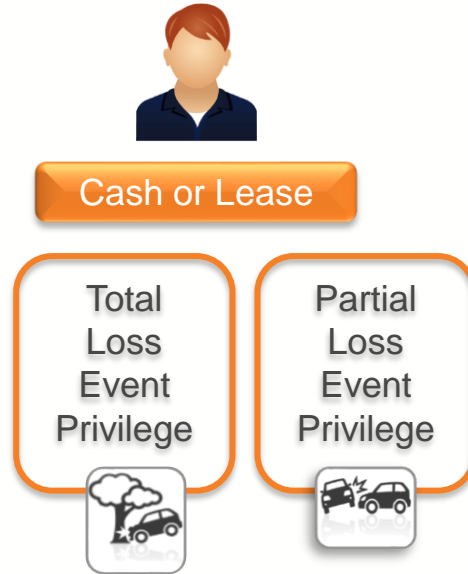


Cash or Lease

- Offset additional costs
- Replace with a similar vehicle
- Neutralize negative impact on vehicle value

What privileges would we recommend for this customer?

Customer Overview

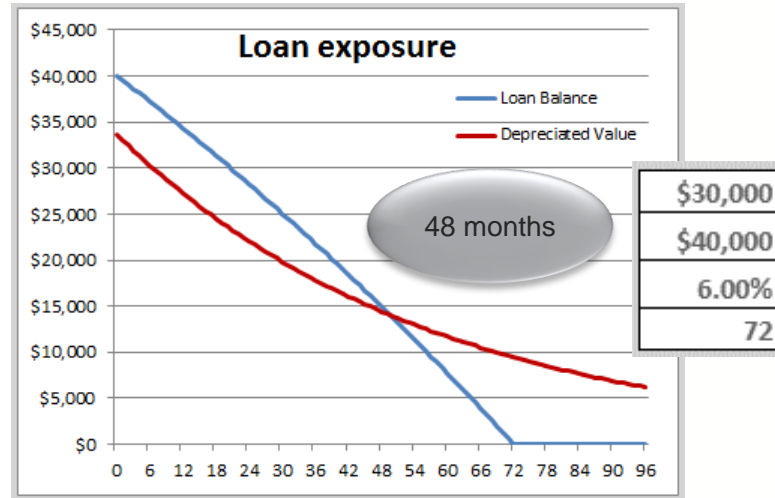


Negative Equity Privilege – Key Indicators

Negative Equity Privilege



Long financing term
High interest rate
Loan with negative equity



Total Loss Event Privilege

Key Indicators - Lease

Total Loss Event
Privilege



Compensate for increase of interest
rate
Compensate for increase in retail price
Multiple security deposit

Why Buy Total Loss Event Privilege on a Lease?

Protects from inflation or potential loss

Higher % rate

Lower residual

1st payment

Cash down (Negative Equity Privilege or Auto Insurance won't cover)

Additional accessories or upgrade of the car

Multiple security deposit

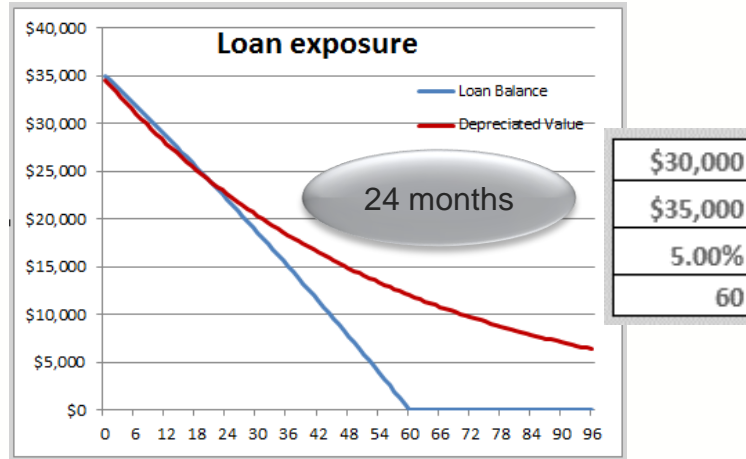
Competition does not offer

Total Loss Event Privilege Key Indicators - Loan

Total Loss Event Privilege



Loan term lower than 72 months
No negative equity (less than \$5000)
Low interest rate



Why Buy Total Loss Event Privilege on a Loan?

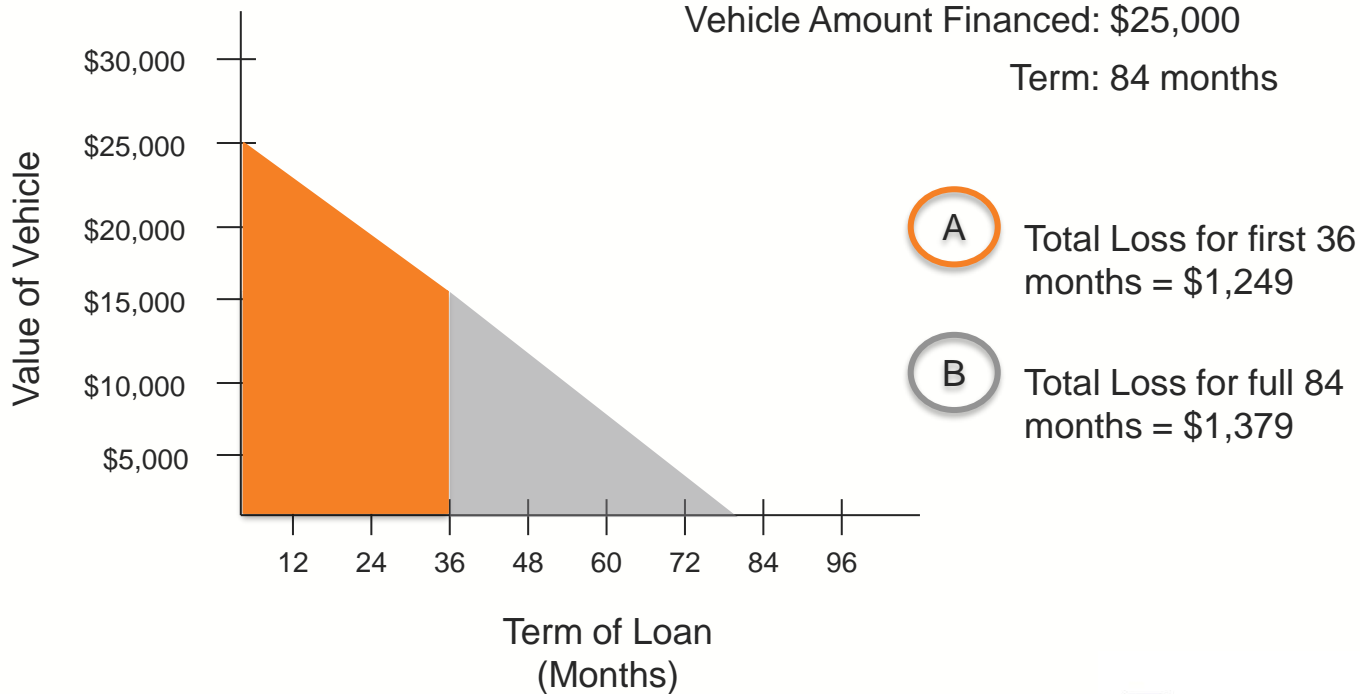
Shorten term for a lower cost

Competition does not offer

Customers are provided up to \$10,000 at any time during contract for an eligible loss

Most customers will not keep their car for the full financed term

Total Loss – Truncate to a Shorter Term



Partial Loss Event Privilege Key Indicators

Partial Loss Event Privilege



Financed or lease customers
Average of lease renewal 30%
Average Partial loss accidents 25%

Can be applied on a second car
Can be applied as the co-signer on a second car
Can be used **60 days** after contract expiry

Benefits



Customer

- Expanded options in case of a vehicle loss
- Improves credit capacity
- Offsets negative equity
- Improved dealership experience



Dealership

- Dealer profitability
- Customer retention
- Assists with credit approvals
- Reduces need for goodwill on trade-ins

Pricing and Markup

- Please **refer to the LGM HUB** for quotes and to see pricing details.
- Pricing is based on the Loan Value for Negative Equity and on the selected in-store credit for all other programs.
- The maximum markup is set at **\$1,500 per contract** sold for the Negative Equity, Total Loss and Partial Loss programs.
- The maximum markup is set at **\$500 per contract** sold for the Theft Event program.
- **Bundled rates** are available, at lower cost to the customer, if more than one program is purchased and the dealer markup in that case goes **up to \$2,000.**

No Interest Deferred Payment Plan (NIDPP)

Benefits of the Program:

- All customers are pre-approved at a **0%** interest rate.
- Cash customers who had not considered additional costs can purchase through easy monthly payments.
- Increases financial parameters for customers who only qualified for a specific finance amount from their lending institution.
- Dealer can sell additional products without affecting financing available for vehicle purchase.



Customer Payments:

- Down Payment: A **15%** down payment is required for all purchases financed with NIDPP.
- Payment Frequency Options:
Bi-weekly (14 days) or Monthly (30 days)
- First Payment: Comes out either in 14 days or 30 days from the date of purchase (depending on payment frequency selected).
- Financing Term: A maximum of **48** months or the certificate life less **12** months.



Selling Dealer:

- Administration Fee: **\$495** charged upfront.
- Fee cannot be passed to customer.
- Requires the protection contract to have a term of **24 months or greater**.
- Gross Profit: Full markup (including applicable taxes).

Refer to the FAQ sheet available on Sales Tools and complete the online course offered by LGM Academy for more detailed information.

NIDPP Financing Steps

1

Product Lienholder	Dealership will be charged a Contract Administration Fee of \$495.00 + Tax
LGM - NIDPP	
LGM Financial Services Inc. 1021 West Hastings Street 400 Vancouver, BC, V6E 0C3	

To choose the No Interest Deferred Payment Plan, complete the following steps.

1. Choose *LGM-NIDPP* as Lienholder.*
2. Enter the *Down Payment* and *Payment Term*.
3. Enter *Payment Information*.

*In Quick Quote, when NIDPP is selected, a message appears indicating that the Administration Fee will be charged.

2

No Interest Deferred Payment Plan

Retail \$3,155.00	Tax \$157.75	Contract Cost \$3,312.75
Down Payment Percent (%) 15.00 %	Down Payment Amount \$496.91 LGM will collect the down payment within 5 days of contract purchase.	Financed Amount \$2,815.84
Payment Frequency Monthly	Payment Term (months) - Type to search -	Periodic Payment
First Payment Date 24 Aug 2023	Last Payment Date	Total # Payments

3

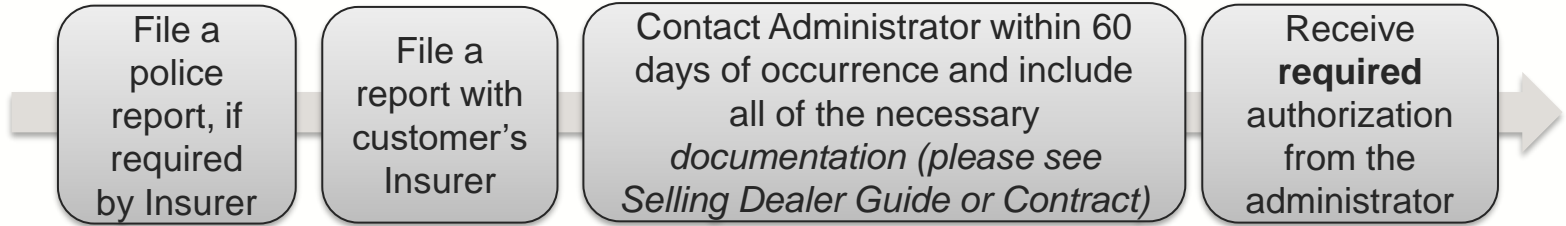
Payments Information

Credit Card Bank Account

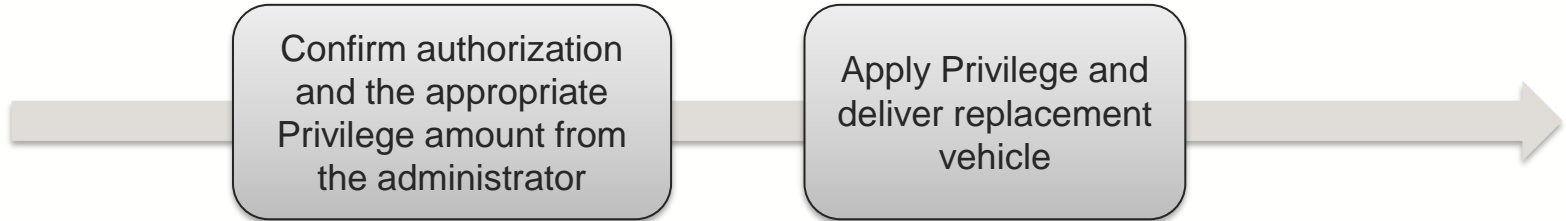
Name on Card	Card Number and CVD	Card Expiry (mm/yy) mm/yy
<input type="checkbox"/> Same Address as Primary Contract Holder		
Lookup Address Start Typing Address Here		
Address	Unit/Suite	
City	Province - Type to search -	Postal Code

Request for In-store Loyalty Credit

In order to make a request for in-store loyalty credit, the purchaser or lessee must:



Dealership staff must:



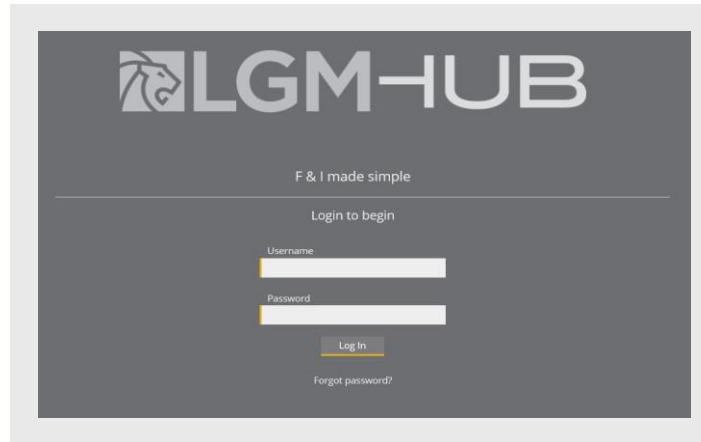
Applying the Privilege

Purchase Price Calculation		
	Price of Vehicle	\$31,755.00
	Additional equipment, services, or warranties	
GST & PST Items	VLPP - Credit	(\$7,500.00)
	Subtotal	\$24,255.00
	Documentation Fees	\$549.00
PST Items	Cancellable Add-Ons	\$3,010.000
	Purchase Price	\$27,814.00
	GST on Purchase Price	\$1,240.20
	PST on Purchase Price	\$1,946.98
	Purchase Price with Taxes	\$31,001.18

**Payment to
Dealership:**
Credit Card or
Cheque

LGM HUB

- Products are available as an online registration only - there is no need to complete pre-printed forms.
- Every policy must be registered through the HUB to ensure coverage is effective for your customer immediately.
- Simply log on to get started.



The screenshot shows the LGM HUB login interface. At the top left is the LGM HUB logo, which consists of a stylized horse head icon followed by the text 'LGM-HUB'. Below the logo is the tagline 'F & I made simple'. Underneath that is the text 'Login to begin'. There are two input fields: 'Username' and 'Password', both with yellow highlights on their left sides. Below the password field is a 'Log In' button with a yellow highlight. At the bottom of the form is a link that says 'Forgot password?'.

Conditions & Cancellation



In-Store Loyalty Credit



Must be used at selling dealer



Only applies to purchase of replacement vehicle



Applied against most recent suggested retail price



Cancellation Provision

- Purchaser may cancel within 30 days of the Enrollment Date.
- Non-cancellable by customer after 30 days.
- Non-transferable
- Administrator may cancel in cases of non-payment of membership fees, misrepresentation or repossession.

Vehicle Loss Privilege Program is not available in Québec, Alberta or British Columbia.

Terms & Eligibility

- ✓ Terms 24 to 96 months
- ✓ Must be purchased within 7 days of delivery date
- ✓ Available for all makes and models within 10 model years

Exclusions (please see your Contract for complete details):

- No insurance coverage
- Damage before Enrolment Date or after the Expiration or Termination Date
- Vehicle modifications; commercial use
- Insurance provider denies coverage
- Fraud or misrepresentation
- Loss resulting from natural disasters such as hail, flood or earthquake

Support

Privilege Request Assistance

- Assistance with new Privilege requests, existing Privilege requests or Privilege requests payments
- 1-866-287-6200



Dealer Support and Customer Service

- Sales Support
- Assistance with cancellations, transfers and account balances
- 1-800-510-8372

LGM Academy



BROAD LEARNING SCOPE

A full suite of interactive courses ranging from product knowledge, to consultative selling, to personal growth and development.



MULTI-DEVICE FUNCTIONALITY

Compatible with multiple devices so you can switch between your desktop, tablet, or mobile device and learn on-the-go!



TRACK YOUR PROGRESS

Your progress is automatically saved so you can pick up right where you left off. Collect custom badges each time you complete a course!



PERSONALIZED COACHING

Your LGM Dealer Development Manager (DDM) will provide a personalized coaching experience throughout your learning journey.

Start your learning journey today.

Simply log into the HUB and select 'LGM Academy' from the menu on the left-hand side to get started. Don't have a HUB account? No problem! Reach out to LGMAcademy@LGM.ca and we will get you all set up.

Resources for Ethical Sales

CLICK ON THE LINK FOR YOUR RESPECTIVE REGION FOR MORE INFORMATION ABOUT LICENSING, COMPLIANCE, AND INDUSTRY GUIDELINES.

BRITISH COLUMBIA - COLOMBIE-BRITANNIQUE

[BC Financial Services Authority \(BCFSA\)](#)

[Insurance Council of BC](#)

[New Car Dealers Association of BC](#)

[Motor Vehicle Sales Authority](#)

ALBERTA - ALBERTA

[Superintendent of Financial Institutions \(ASFI\)](#)

[Alberta Motor Vehicle Industry Council](#)

[Alberta Insurance Council](#)

[Motor Dealers' Association of Alberta](#)

SASKATCHEWAN - SASKATCHEWAN

[Financial and Consumer Affairs Authority](#)

[Saskatchewan Auto Dealers Association](#)

[Insurance Councils of Saskatchewan](#)

MANITOBA - MANITOBA

[Consumer and Corporate Affairs](#)

[Manitoba Motor Dealers Association](#)

[Insurance Council of Manitoba](#)

NORTHWEST TERRITORIES - TERRITOIRES DU NORD-OUEST

[Office of the Superintendent of Securities](#)

ONTARIO - ONTARIO

[Financial Services Regulatory Authority \(FSRA\)](#)

[Ontario Motor Vehicle Industry Council \(OMVIC\)](#)

QUEBEC - QUÉBEC

[Autorité des marchés financiers \(AMF\)](#)

[Corporation des concessionnaires d'automobiles du Québec \(CCAQ\)](#)

[Consumer Protection Office \(OPC\)](#)

NEW BRUNSWICK - NOUVEAU-BRUNSWICK

[Financial and Consumer Services Commission](#)

[New Brunswick Auto Dealers Association](#)

NEWFOUNDLAND & LABRADOR - TERRE-NEUVE-ET-LABRADOR

[Department of Government Services](#)

[Automobile Dealers Association of Newfoundland and Labrador \(ADANL\)](#)

NOVA SCOTIA - NOUVELLE-ÉCOSSE

[Finance and Treasury Board](#)

[Nova Scotia Auto Dealers Association](#)

PRINCE EDWARD ISLAND - L'ÎLE DU PRINCE-ÉDOUARD

[Justice & Public Safety](#)

[Prince Edward Island Auto Dealers Association](#)

NATIONAL RESOURCES

[Financial Consumer Agency of Canada \(FCAC\)](#)

[Canadian Council of Insurance Regulators \(CCIR\)](#)

[Canadian Auto Dealers Association \(CADA\)](#)

[Office of the Superintendent of Financial Institutions \(OSFI\)](#)

[Advertising Standards Canada](#)



Questions?

Comments?