

Depreciation Protection (DPW) Quick Reference Card

Lone Star Credit Union

What is DPW?

DPW is a debt cancellation product that covers the depreciation of the vehicle. In the event of a total loss or unrecovered theft, DPW provides a benefit equal to the difference between the MSRP or J.D. Power retail value of the vehicle at the time of coverage enrollment minus the loan balance at the time of the total loss. The waiver benefit will not exceed the maximum benefit selected or the outstanding loan balance, whichever is less.

DPW is ideal for those who:

- Finance 90% or less and desire protection and peace of mind
- Established equity in their vehicles with a down payment, rebate and/or trade-in

Product Highlights

- Coverage can be purchased at anytime
- 60 day free look period
- No mileage, make, or year restrictions
- Life of loan protection
- Cancels up to \$1,000 of loan balance in the event of Accidental Death

DPW Exclusions

- Cars and Trucks valued over \$100,000 (MSRP or J.D. Power Retail)
- Commercial Vehicles titled partially or entirely under a business, used to deliver goods, or carry passengers for compensation. Uber and Lyft are not considered Commercial.
- Loan terms greater than 84 months
- Leases, balloon notes, full cash purchases
- Salvaged or reconstructed titles
- Motorcycles, RVs, boats, golf carts, or any other recreational vehicles
- Vehicles with VINs less than 17 digits in length or manufactured before 1981

Refinances

In the event the loan is refinanced, the DPW coverage terminates.

Cancellations/Refunds

DPW may be cancelled within the first 60 days for a full refund. After 60 days from the date of issue, the protection is nonrefundable.

- In the event of a DPW claim, the fee charged to the borrower will be deemed fully earned and therefore no refund will be due.
- Your institution is responsible for initiating, calculating and making payment of any refund due to the borrower in the event of early payoff.

Claims

A DPW claim must be reported within 60 days of the primary insurance declaring the vehicle a total loss or within 180 days of the accidental death protected event.

DPW Questions

Please call the Client Services Support Center (CSSC) at 800-981-5689. The CSSC is available Monday-Friday 8am to 8pm EST.

Cost of Depreciation

25% of all accidents result in a total loss¹

The average vehicle depreciates **33.3%** in the first 5 years²

Repair costs have increased by **8.3%** since 2020 & **14.7%** since 2019³



¹ CCC Information Services 2020 Total Loss Trends

² iSeeCars "Top 10 Cars That Hold Their Value Best" 2022

³ CCC Intelligent Solutions – Crash Course 2022



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Eligible Collateral	Loan Eligibility and Coverage Limitations			Borrower Cost	
	MSRP/J.D. Power Retail Value	Max Loan Term	Refund Method	\$5,000 Benefit	\$10,000 Benefit
Autos, Vans, Light Trucks	\$0-\$25,000	84 months	Nonrefundable	\$995	\$1,095
	\$25,001-\$75,000	84 months	Nonrefundable	\$1,075	\$1,305
	\$75,001-\$100,000	84 months	Nonrefundable	\$1,160	\$1,446

How DPW Works

Vehicle Purchase & Loan	DPW Claim	Primary Insurance Claim												
<p>Jane is financing a vehicle at the credit union. She is purchasing a vehicle with a J.D. Power retail value of \$32,000*. Jane made a down payment, so she only needs a loan for \$28,000.</p> <p>Since Jane's loan is at 88% LTV, she has positive equity and qualifies for DPW.</p> <p>Six months later, Jane has an accident and suffers a total loss. Her loan balance at the time of loss was \$26,000. She files a claim for DPW and with her Primary Insurance Company.</p>	<p>The DPW Benefit is calculated by subtracting the Outstanding Loan Balance from the Locked-in Value.</p> <table> <tr> <td>Locked-in Value</td> <td align="right">\$32,000</td> </tr> <tr> <td>Outstanding Loan Balance</td> <td align="right">-\$26,000</td> </tr> <tr> <td>DPW Benefit</td> <td align="right">\$6,000*</td> </tr> <tr> <td>Remaining Loan Balance</td> <td align="right">\$20,000</td> </tr> </table>	Locked-in Value	\$32,000	Outstanding Loan Balance	-\$26,000	DPW Benefit	\$6,000*	Remaining Loan Balance	\$20,000	<p>After the DPW Benefit is applied to the loan, the Primary Insurance Settlement is applied to the remaining loan Balance.</p> <table> <tr> <td>Remaining Loan Balance</td> <td align="right">\$20,000</td> </tr> <tr> <td>Primary Insurance Settlement</td> <td align="right">\$27,000</td> </tr> </table> <p align="center">Jane walks away with \$7,000!</p>	Remaining Loan Balance	\$20,000	Primary Insurance Settlement	\$27,000
Locked-in Value	\$32,000													
Outstanding Loan Balance	-\$26,000													
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Primary Insurance Settlement	\$27,000													

*Maximum Waiver Benefit can vary depending on level of protection selected and/or offered. Please reference the waiver addendum for specifics regarding maximum waiver amounts.