

POWERFUL SOLUTIONS

For maximum F&I profitability

Self-Insurance (Revisited)

Oftentimes, when processing a cash deal (and upon the completion of our menu presentation and recommendation), we hear the retort, "No thanks! I'll self-insure." This certainly happens on finance deals, as well.

What to do...

Prior to our menu presentation, we have certainly become aware that our Guests will be leaving the premises with full-coverage insurance on their new/new-to-them vehicle. This information was discovered during our initial Guest interview, which we conducted within the first few minutes of receiving the deal from the associated Salesperson. We need this information, even on a cash deal, because we may be issuing a temp-tag. We need proof of financial responsibility anytime we are issuing such materials. Even in the event they are selling us their old vehicle, it may have plates about to expire within the next thirty days or it may be a truck to passenger vehicle deal, or vice versa. Best business practices would indicate the "Proof of Financial Responsibility Form/Insurance Confirmation Form" accompanies every deal for these reasons.

We all know that in the event this is a cash deal, the Guest isn't *required* to carry full-coverage on the vehicle they are purchasing. However, it is reasonable to conclude that it is incredibly unlikely they'll be leaving with only liability applicable to the purchase of any vehicle over say \$10,000 in value, even if it is a cash deal. And who could blame them. We wouldn't typically take on such a risk, either!

But if they *aren't* going to self-insure the outside of the vehicle, why on earth would they take on such potentially lofty exposure regarding the inside of the vehicle, and more?!?

We may proceed as has been reviewed [here...](#) (link to "No Thanks, I'll Self-Insure")

Or we may proceed as follows...

"Folks... by taking advantage of the _____ option, you *will* be group-insuring! In fact, by doing so, you will be buying into a huge pool of risk with other folks which helps keep the costs down. It isn't hard to understand that, like with most things, typically the more folks that are involved in a program the lower the costs become because the risk is spread out over a larger audience. To illustrate this point, let's consider the following scenario... let's say you have a best friend named Charlie. In fact, Charlie is a Mechanic at the _____ Dealer," (brand of vehicle they are purchasing) "closest to you. This means Charlie is not only factory-trained and familiar with the vehicle you are purchasing, but he has access to all the requisite specialty tools and Tech-Support hotline personnel."

Here, we will insert the applicable math into the conversation...

If this is a cash deal, and we are asking our Guests to consider \$8127 worth of the "piece-of-mind" they'll receive, we will proceed with...



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Self-Insurance (continued)

“With just money from you, versus a pool of people, how likely would Charlie be to accept ALL the financial responsibility toward keeping your vehicle on the road for the entirety of these coverage periods?!? In other words, you’ll send Charlie a check for \$8127 and, by accepting this risk, he will have to keep your vehicle running no matter what happens to it, and how much money,” (subject to a stop-loss clause) “he must throw at it! No matter how many hours of labor are required and how many parts he must replace, regarding ALL of the provisions provided for here!”

Of course, mindful of the particular coverage parameters being offered, we will continue, for example... “As things break, as maintenance requirements come along, as incidents occur... ALL of the Vehicle Service Contract protections, the Maintenance provisions, the Tire & Wheel issues, the Dents and Dings, the Key Replacements required, and even remedying the stains when life gets messy... Charlie is on the hook! Knowing what he does about the business and understanding how much ALL of this exposure toward your vehicle would likely entail, and with just the money from you, it is very unlikely Charlie would feel comfortable taking on such a risk.” (Continuing, if applicable) “In fact, this is exactly why our Technicians typically always take advantage of our offerings. No one knows better the cost of keeping these things on the road and presentable!”

If this is a finance deal (with premium credit qualifications at 72 months), and we are asking them to consider \$9122 worth of the “piece-of-mind” they’ll receive (because we now have GAP in the mix, at \$995), we will proceed with...

“With just money from you, versus a pool of people, how likely would Charlie be to accept ALL the financial responsibility toward keeping your vehicle on the road for the entirety of these coverage periods?!? In other words, you’ll send Charlie a check for \$138 per month and he will have to keep your vehicle running no matter what happens to it, and how much money,” (subject to a stop-loss clause) “he must throw at it! No matter how many hours of labor are required and how many parts he must replace, regarding ALL of the provisions provided for here!” Of course, mindful of the particular coverage parameters being offered, we will continue, for example... “As things break, as maintenance requirements come along, as incidents occur... ALL of the Vehicle Service Contract protections, the Maintenance provisions, the vehicle gets totaled and thousands of dollars more are owed due to the GAP in insurance coverage, the Tire & Wheel issues, the Dents and Dings, the Key Replacements required, and even remedying the stains when life gets messy... Charlie is on the hook! Knowing what he does about the business and understanding how much ALL of this exposure toward your vehicle would likely entail, and with just the money from you, it is very unlikely Charlie would feel comfortable taking on such a risk.” (Continuing, if applicable) “In fact, this is exactly why our Technicians typically always take advantage of our offerings. No one knows better the cost of keeping these things on the road and presentable!”

As the saying goes, “There is safety in numbers!” Instead of assuming ALL the risk required to self-insure, they may as well jump in the pool... after all, the water’s fine!

Think about it.

Good luck and good selling!



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