



Genworth®  
Financial

## AUTO LOAN PAYMENT PROTECTION



Our Auto Loan Payment Protection helps your customers to repay their car loan if they are unable to work due to accident, sickness, disability or involuntary unemployment. In these circumstances, we will meet the monthly repayments for up to 12 months or until the customer returns to work (whichever is the early event). In addition, there is typically a life cover that will pay off the outstanding balance in the case of death. No medical underwriting is required.

*Our products combine regulatory, compliance and risk management expertise with superior IT and customer service to provide you with innovative and flexible solutions and protect your customers throughout their lives.*

### CLIENT BENEFITS

#### Meets market needs

Current economic conditions bring an increased risk of redundancy. Our product could help as customers may struggle to meet their credit repayments in the event of involuntary unemployment.

#### Addresses your customers' requirements

This product will have a wide appeal as some European families spend more than a fifth of their annual expenditure on financing their cars.<sup>1</sup>

#### Provides you with cross-sell opportunities

The appeal of this product to customers with car loans provides good opportunities for you to cross-sell other protection products such as Expense Protector.

#### Increases customer loyalty

The wider the range of products that you can offer to your customers, the greater the likelihood that you will increase your customer base and retention levels.

#### Reduces credit risk

By guaranteeing repayments, Auto Loan Payment Protection reduces the risk of credit delinquency. The product's life cover element provides extra security by ensuring that outstanding balances will be cleared in the case of death.

### CUSTOMER BENEFITS

#### Greater confidence

A new car is a major purchase and a major lifestyle benefit and state benefits do not cover loan repayments. With cover in place, your customers can be reassured that they are protected should the unexpected happen.

#### Easier adjustment

With Auto Loan Payment Protection, your customers can concentrate on finding a new job or getting better rather than worrying about losing their car at a time when they might need it most.

#### Wide coverage

The product provides your customers with auto loan repayment cover for all kinds of unforeseen life events, from accident, sickness and disability to involuntary unemployment and even death.

#### Secure credit rating

By avoiding defaulting on their car repayments, your customers can safeguard their credit rating even though their income has been interrupted. Doing so can help them qualify for other credit they may need in the future.

## Consumer Insight

**A car is a significant purchase and one that may require finance, since many consumers are unlikely to have the disposable income required to buy a new car outright.**

Even consumers who are comfortably off will consider taking out a loan if it means they can afford a better car or a more desirable model. Financially aware consumers will want to make sure that they are protected against the unexpected and can afford to pay off their loan.

Auto Loan Payment Protection provides reassurance that they can meet their repayments and keep their new car.

*Our approach is based on a solid foundation of consumer research.*

*We use a variety of tools such as the Financial Services Segments (FSS) profiling from Experian which we have applied to our Lifestyle Protection product range to identify to whom it will appeal.*

## WHO IT WILL APPEAL TO

**Busy, young families, doing well, with high child-related costs.** They have little time for financial planning and money can be tight. They rely extensively on loans to afford larger items, however, they do keep on top of their bills and have some savings.

**Successful families with high incomes, investments and good pensions.** Financially sophisticated and keen to save for their children, they plan for the future. They are still paying off their mortgage, but their financial commitments are beginning to ease as their children grow up.

**Mid-income, young families with high financial commitments.** They earn reasonable incomes but spend beyond their means. This could become a problem if spending remains unchecked but they are confident in their abilities to manage their finances.

**Young, average income families with big mortgages and high levels of spending.**

Credit is an accepted way of life, allowing them to maintain their lifestyle. They rely on loans but are financially aware enough to shop around for the best deals.

**Young, thriving families with earnings well above average but with high outgoings.**

They try to make regular savings and use loans to help finance their lifestyle. Repaying their large mortgage is a worry but they are confident about the future.

## EUROPEAN MARKET STATISTICS

- With the EU economy expected to shed some 3.5m jobs in 2009, unemployment is set to rise. The rate is forecast to reach 8¾% in the EU in 2009 (9¼% in the Eurozone), with a further increase in 2010.<sup>2</sup>
- With almost 300 million vehicles on the road, Europe has the largest motor insurance market in the world.<sup>3</sup>
- The European motor market is the largest sector in non-life insurance business and generated a total premium income of almost €130bn in 2006.<sup>4</sup>
- Research on car access in 2006 found that more than 1 in 4 UK households had access to two cars; almost 50% of households had access to one car.<sup>5</sup>

Correct at time of print, February 2009.

<sup>1</sup> The Daily Telegraph, 24/08/07. telegraph.co.uk

<sup>2</sup> European Commission, 19/01/09. ec.europa.eu

<sup>3</sup> CEA – Insurers of Europe, 23/01/08. cea.eu

<sup>4</sup> CEA – Insurers of Europe, 23/01/08. cea.eu

<sup>5</sup> Office for National Statistics, 08/04/08. statistics.gov.uk

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