

Two Members, Two Paths.

Credit unions always keep the financial well-being of their members as their top priority. Part of that mission includes offering products and services that allow members to establish credit, manage debt, and become more financially savvy — all of which help them maintain a higher credit score.

What you may not know is that there's another important thing credit unions can do to help safeguard their members' credit scores — establish and maintain a high-quality collateral protection insurance program.



Meet Jack

"I've always liked my credit union. They have been great for my checking and savings in the past, so I feel confident in doing my auto loan through them as well."

What Jack doesn't know is that although many savvy credit unions opt for Collateral Protection Insurance (CPI), his chose to use blanket coverage.

Meet Jill

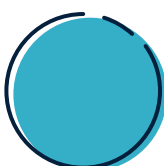
"My credit union has always made me feel important and supported by them. There was never any doubt I would get my auto loan through my credit union."



What Jill doesn't know is that her credit union has a high-quality Collateral Protection Insurance (CPI) program.



Due to a hiccup, both Jack and Jill let their auto insurance lapse.



Jack's auto loan payment stays the same because his credit union doesn't track insurance. They don't know that he's an uninsured motorist, so he never receives any notifications alerting him to restore coverage. He continues to drive uninsured.

Jill's CU has an insurance tracking program, so her auto loan payment goes up by \$100 a month after CPI is added. She's a bit frustrated, but because of multiple notifications she's received before the certificate was placed, she knows that it's because her insurance lapsed. She's planning on getting her private insurance back soon.

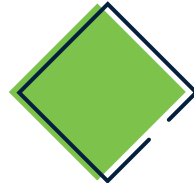


Both Jack and Jill are leaving work and driving toward each other when a massive storm engulfs them. A tree falls, landing on the hoods of both of their cars. Jack and Jill are safe, but both cars are badly damaged.



Jack doesn't have any insurance, and he still owes money on his car even though it doesn't work anymore. It's his only means of getting to work so he can make enough money for his rent and other bills, including his car payment.

Jill doesn't have private insurance and she still owes money on her car even though it doesn't work anymore. It's her only means of getting to work so she can make enough money for her rent and other bills, including her car payment.



This is where it gets bad...

This is where it gets better...



Jack contacts his credit union to tell them: **"My car is undrivable."**

Jill contacts her credit union to tell them: **"My car is undrivable."**



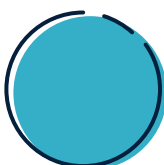
Jack's credit union is truly sorry about his situation and tries to help, but ultimately he is still responsible for paying off his loan in full.

The credit union tells Jill that because she paid the extra \$100 a month for the CPI on her loan, her car is covered and will be fixed.



Unfortunately, he has lost his transportation to get to work. He can't make it on time reliably and loses his job. Without income, Jack can't pay off his damaged car, much less buy a new one.

Jill is very happy and relieved that her credit union added the coverage. She can't imagine what she would do if she didn't have a way to get to work.



Jack's credit union is forced to repossess his vehicle, and his credit score takes a big hit. His now subprime credit score not only hinders his ability to get a new car loan, but also affects his search for a new job and his chances of being approved for rent if he needs to move.

Jill gets her car repaired and continues going to work regularly. She earns enough to reinsure her car and finishes paying off the auto loan, saving her credit score. She'll not only end up paying less for her next loan, but will also benefit in all the areas of her financial life that her credit score affects.



This isn't a story about "good" vs. "bad" credit unions, or smart vs. dumb — it's a cautionary tale about making ill-fated choices. Jack made a poor choice by letting his auto insurance lapse and continuing to drive without coverage. Jack's credit union made an unfortunate choice for its members' protection when it opted for blanket coverage instead of more comprehensive CPI for its portfolio. Because credit unions truly care about their members, when they have all the facts and know the whole story, they make the better choice and choose a high-quality collateral protection insurance program.