

# GWC Cancellations- Profit Chargebacks

The ZERO Plan experiences low rates of customer defaults that result in chargebacks to dealer profits. **A DEALER SHOULD EXPECT THAT ON AVERAGE 10% OF ALL ZERO PLAN TRANSACTIONS WILL CANCEL AND MAY RESULT IN A CHARGEBACK OF A PORTION OF THE PROFIT.**

**REMEMBER THE ZERO PLAN WILL CREATE INCREMENTAL PROFIT ON THE REMAINING 90% OF THE ACCOUNTS.**

## Tips to Reduce Chargebacks:

1. Collect more than the minimum down payment requirement. 10% is the **minimum** required down payment.....**collect as much as you can!**
2. Always use the shortest repayment period a customer will agree to. Even though the guidelines allow 18 month repayment terms..... **sell the customer on 6, 9 or 12 months!**
3. GWC offers a customer up to 18 months to pay on a 24 month Service Contract. While a great closing tool, an 18 month payment term on a 24 month Service Contract **could result in a loss to your dealership if there is an early term default and cancellation. Use this only when you have to!**
4. If you know the customer has no intension of paying **Don't Sell The Warranty!**

## Customer Requested Cancellation:

1. Call Universal Lenders LLC and ask for a payoff quote of the current customer balance and inform Universal Lenders of a pending cancellation.
2. Request a cancellation quote from GWC Warranty.
3. Compare the dealer cancellation refund estimate to the amount necessary to payoff the account at Universal. **The dealership is responsible to pay any shortfall that may exist from the retail profit you earned up front.**
4. Cancel the Service Contract with GWC. Once the dealer refund is received by Universal Lenders the dealership will be billed via fax for any monies still owed to payoff the customer account.
5. If there is a shortfall the dealer will issue Universal a check for the requested amount using the proceeds from the initial customer deposit retained by the dealership and the funding proceeds that Universal sends to the dealership upon acceptance of the contract.

## Universal Lenders Requested Cancellation:

1. Universal will fax each dealer a "Save a Deal" notice 10 days before the policy will be cancelled. **Call your Customer and help Collect....Save a Deal!**
2. When a customer reaches 30 days delinquency Universal will cancel the GWC Warranty directly with GWC and request a refund of the dealer purchase cost of the warranty.
3. Universal will apply the prorated refund received from GWC to the outstanding customer account balance.
4. If the prorated refund is insufficient to pay off the customer account balance **then Universal will fax the dealer a request for payment of the remaining balance per the terms of the ZERO Plan Retailer Agreement..**
5. The dealer will issue Universal a check for the requested amount using the proceeds from the initial customer deposit retained by the dealership and the funding proceeds that Universal sends to the dealership upon acceptance of the contract.