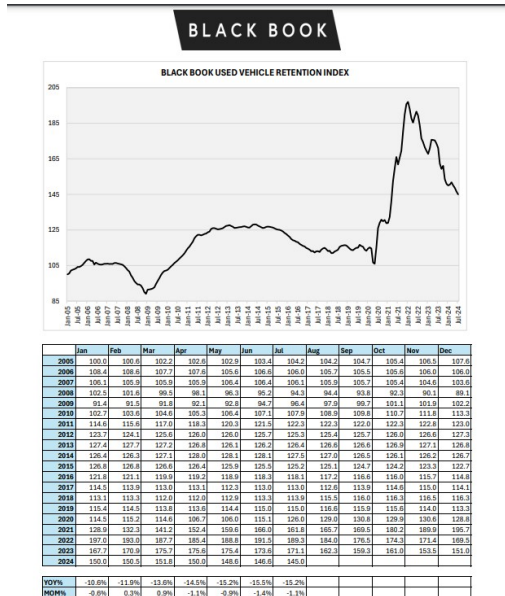


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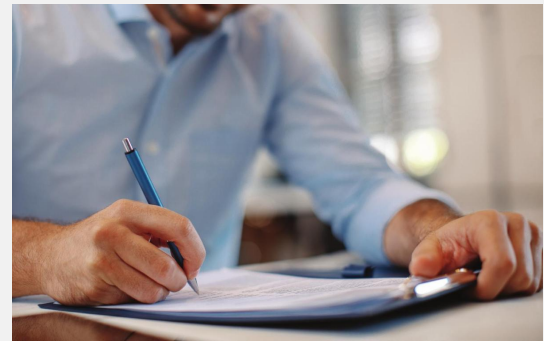
## What Goes Up, Must Come Down!



The purpose of Black Book Wholesale Used Vehicle Retention Index is to provide an accurate and unbiased view of the strength of used vehicle wholesale market values. The index is calculated using Black Book's published Wholesale Average value on 2- to 8-year old used vehicles, as percent of original typically-equipped MSRP. Black Book's Wholesale Average is a benchmark value for used vehicles selling in the wholesale auctions with the vehicle quality in Average condition. The index is weighted based on registration volume and adjusted for seasonality, vehicle age, mileage, condition, and inflation (MSRP). In short, this index measures the trend in percent retention from original MSRP of a typical 4-year old vehicle in the market.

This old saying is rather trite, but it accurately describes what has happened to vehicle values over the past 4 years. Back in 2022 we all knew that car values could not go up forever and this old adage has proven true again. As a GAP program administrator, we see the impact of depreciation every day. Many vehicle loans made back in 2022 at elevated book values are now way upside down as depreciation is occurring much faster than the loans are amortizing. The bottom line is that GAP claims have exploded, and the average claim is up more than 100%!

For those of us that are visual learners, the picture in the recent Black Book report really tells the story. Vehicle values are going down, but GAP claims are going up!



## Letters of Guarantee (LOG) & Legal Jeopardy

How does the routine and common practice of signing a Letter of Guarantee with your borrower's physical damage insurance company become a legal nightmare for you? Simple. You signed up for it.

As is standard procedure, when a borrower totals his or her car, the insurance company sends the lien holder a summary letter and a document called a Letter of Guarantee (LOG). The Letter of Guarantee details what they will pay in return for releasing the title of the totaled auto. This letter is written by the insurance company and is, naturally, designed to protect their interests; however, it has the potential to jeopardize the interests, legal and financial, of you and your borrower - if you sign it!

**Read More**



### The Power of A Testimonial

Testimonials serve as powerful tools in building credibility and trust,

showcasing the expertise and success rate of your lending institution in providing Guaranteed Asset Protection (GAP). By collecting a selection of borrower-related GAP testimonials, you can effectively address the concerns of potential customers who may be hesitant about the product's benefits. Additionally, you can enhance their understanding by accessing GAP claim examples through the Administration Tab, where selecting the GAP Claim Status option allows you to view detailed reports by clicking on the claim number. This comprehensive approach not only reinforces confidence in your offerings but also empowers borrowers with the knowledge they need to make informed decisions about their financial protection.



### GAP Claim Profile

#### Bad Things Happen to Good People

This member needed a good car and was glad that his Credit Union would loan him the full value of this 2019 Acura. The loan was just made in November of 2023 at an LTV of only 101%. Bad luck struck in May 2024 and the car was destroyed in a fire. Fortunately, the loan officer had recommended GAP protection and now this young member has a clean slate to purchase a replacement vehicle.

As our old friend Rex Johnson would frequently say, "Bad things happen to good people." Lets be part of the solution and offer our auto loan borrowers great products at fair prices!

### Upcoming Frost Industry Events

- **October 2-5** - Indiana Credit Union League Annual Conference
- **October 25** - Ohio CU Foundation Clay Classic

## Contest Corner

### Summer Contest

**1st Prize - Commercial Slushy Machine**

**2nd Prize- 7 Piece Patio Dining Set**

**3rd Prize - Inflatable Outdoor Theater Kit**

**4th Prize - Cordless Misting Fan**



5th Prize - Outdoor Propane Deep Fryer

6th Prize - Giant Golf Darts

[Click Here for Current Contest Prizes](#)

*You can win great prizes by entering our VisualGAP contests! You will be awarded an entry in the contest each time you sell a GAP waiver. The more GAP waivers you sell through VisualGAP, the more opportunities you have to win.*

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For fifty years, our success has been based on “listening to our clients and understanding their needs”. Our goal is to become a trusted business partner by delivering solutions that combine old fashioned personal service with best of market products.

~ Frost Team



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