

# AUTO ADD-ONS ADD UP

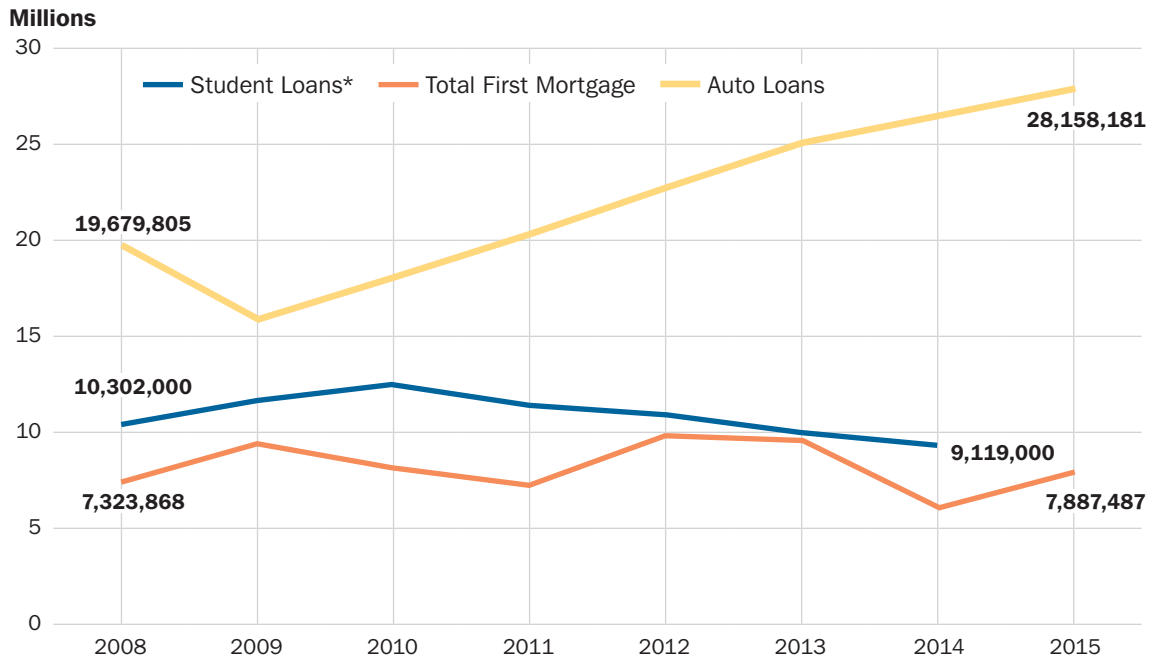
## HOW DEALER DISCRETION DRIVES EXCESSIVE, ARBITRARY, AND DISCRIMINATORY PRICING

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### CHARTS AND GRAPHICS

CHART 1

**Total Number of Originations by Loan Type**

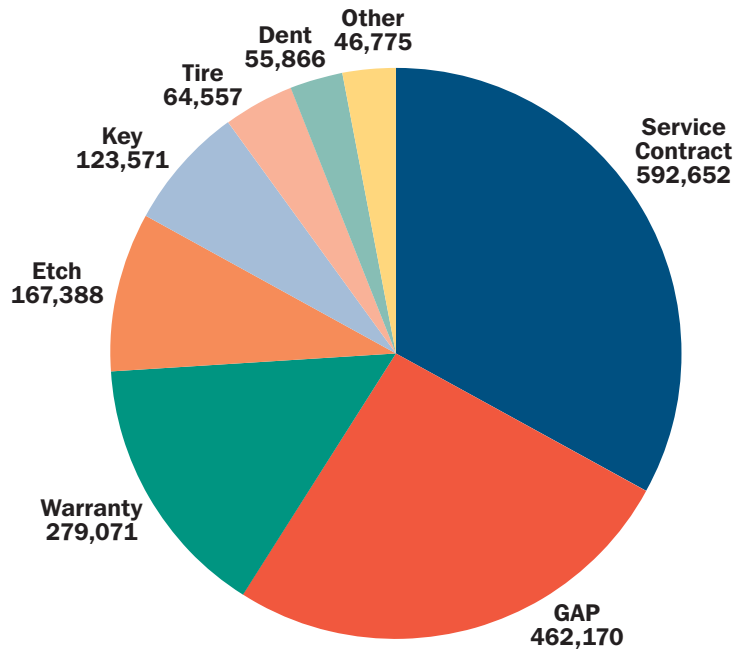


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Sources: Federal Reserve Bank of New York Consumer Credit Panel 15:Q4; Equifax U.S. Consumer Trends, February 11, 2016; Federal Reserve Bank of New York, Student Loan Borrowing and Repayment Trends, 2015 (student loan data through 2014).

\* The student loan data represents the number of borrowers originating student loans during a given year, rather than the number of loans originated.

CHART 2  
Add-on Products Sold by Category

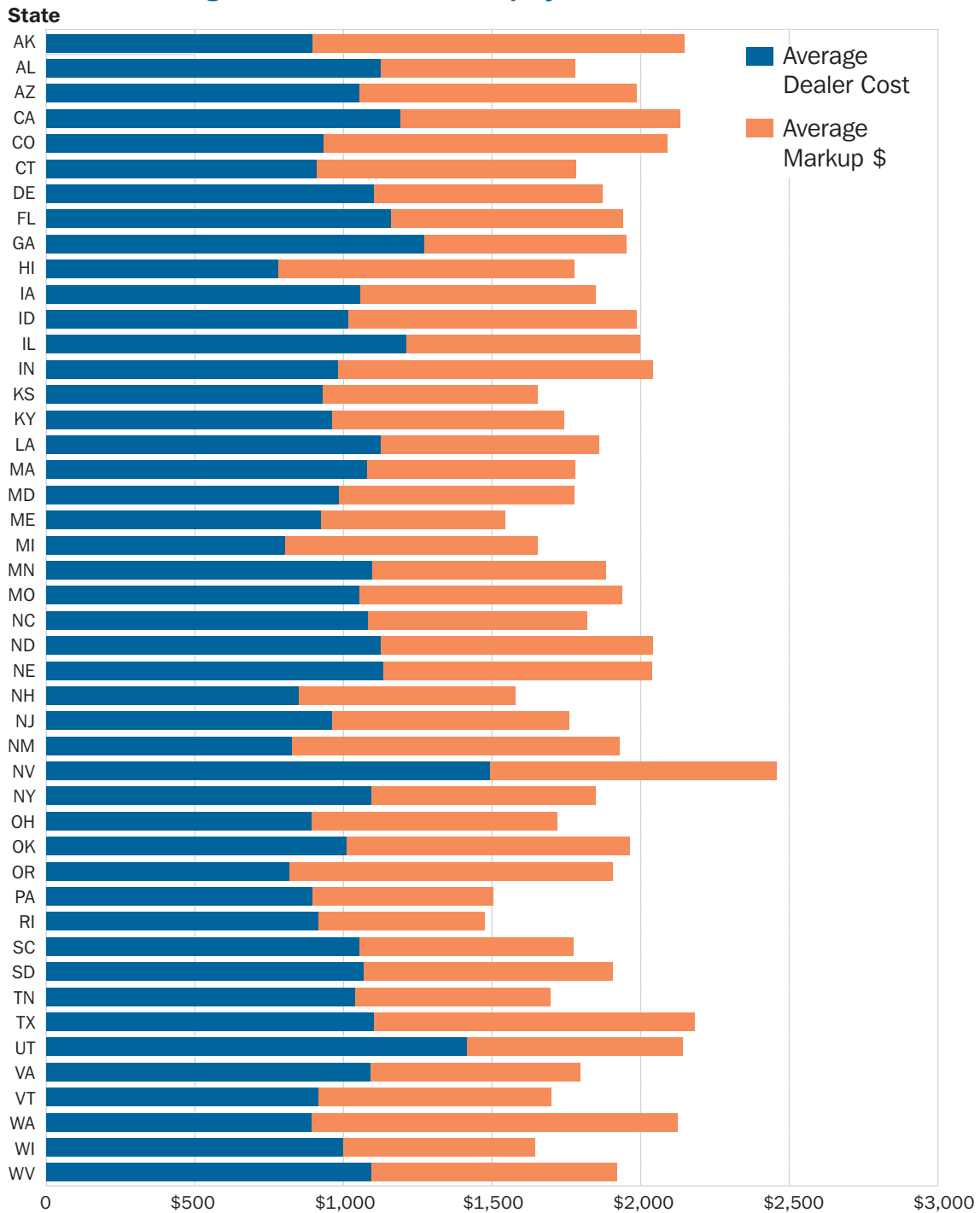


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Source: National data set of one provider's add-on products sold in the U.S., September 2009–June 2015.

CHART 3

Average Dealer Cost and Markup by State: Service Contracts



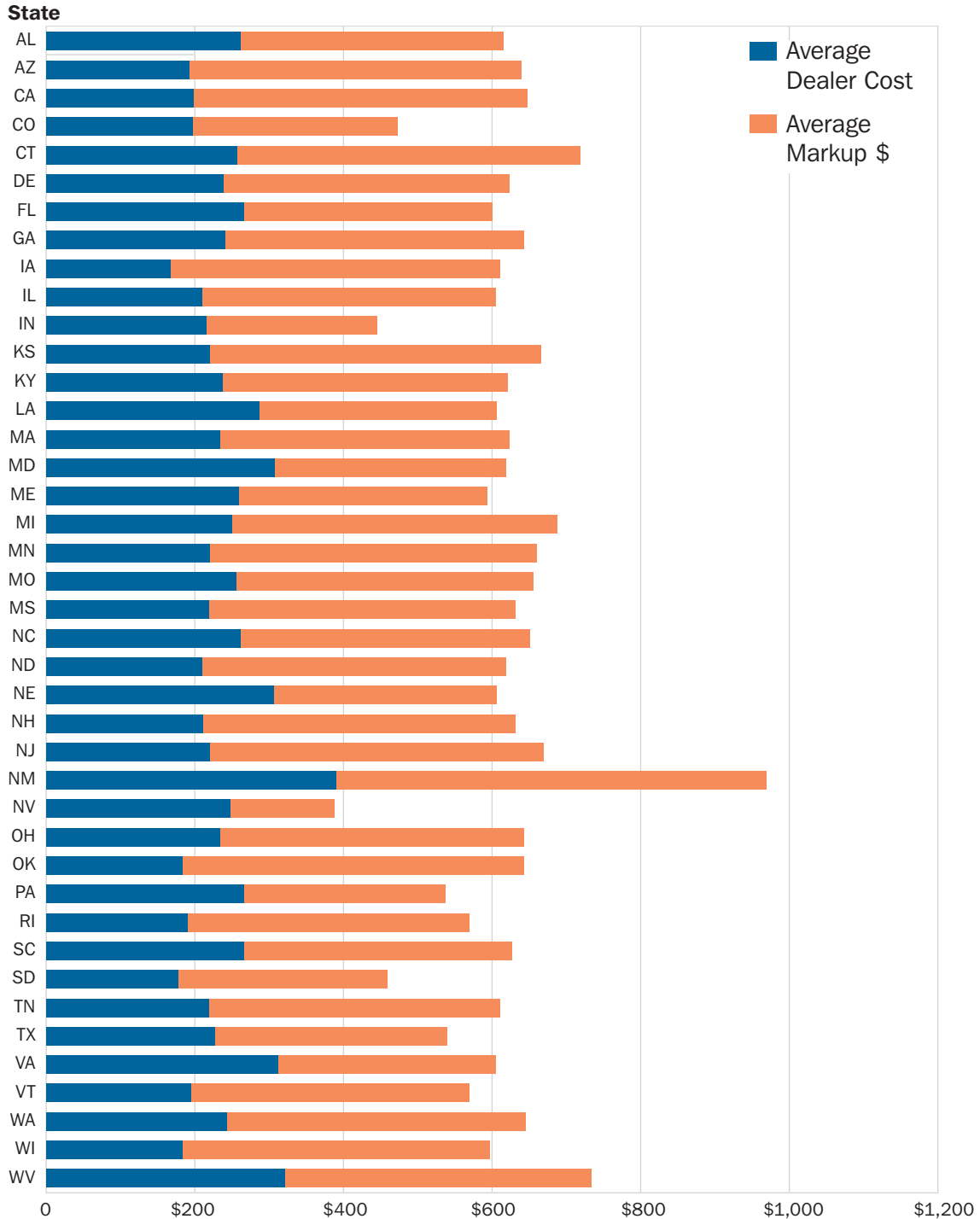
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Source: National data set of one provider's add-on products sold in the U.S., 2012.

Note: Only shows states with 100 or more records.

CHART 4

**Average Dealer Cost and Average Markup: Guaranteed Asset Protection (GAP)**



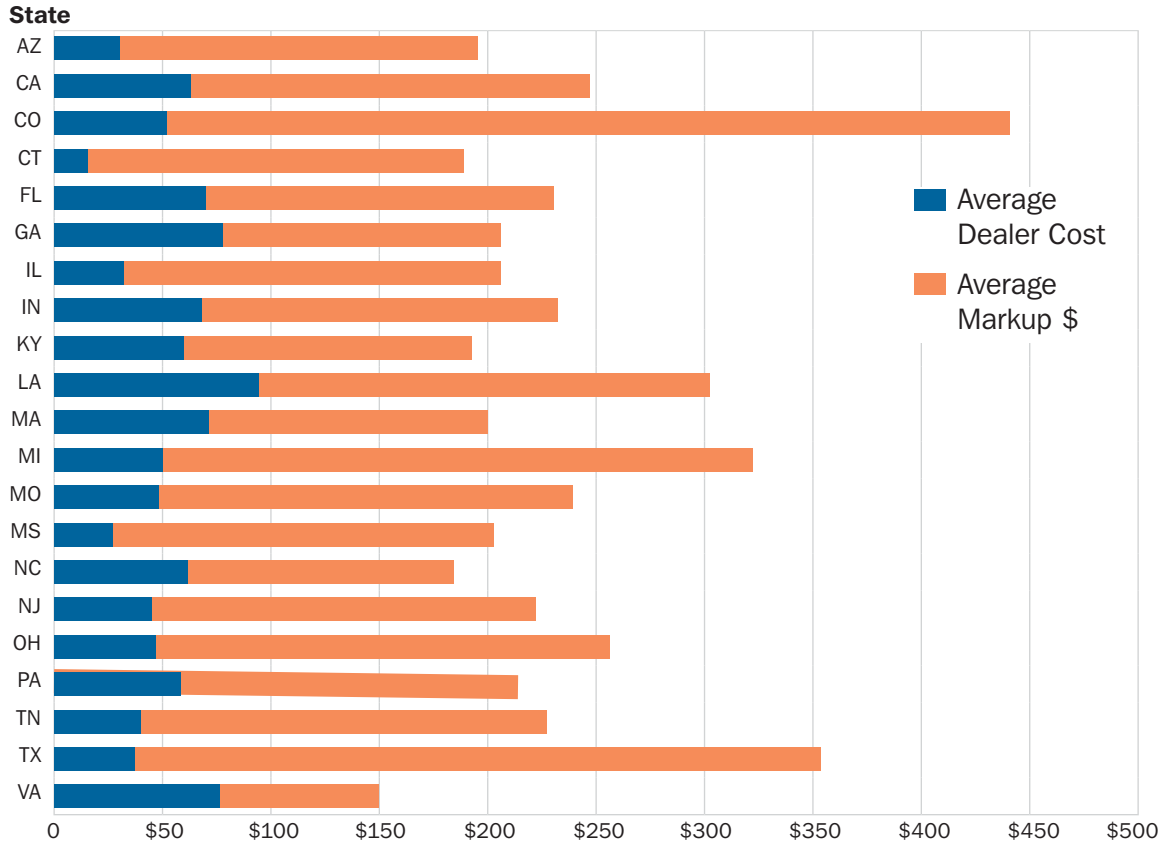
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Source: National data set of one provider's add-on products sold in the U.S., 2012.

Note: Only shows states with 100 or more records.

CHART 5

Average Dealer Cost and Average Markup: Window Etching (Etch)



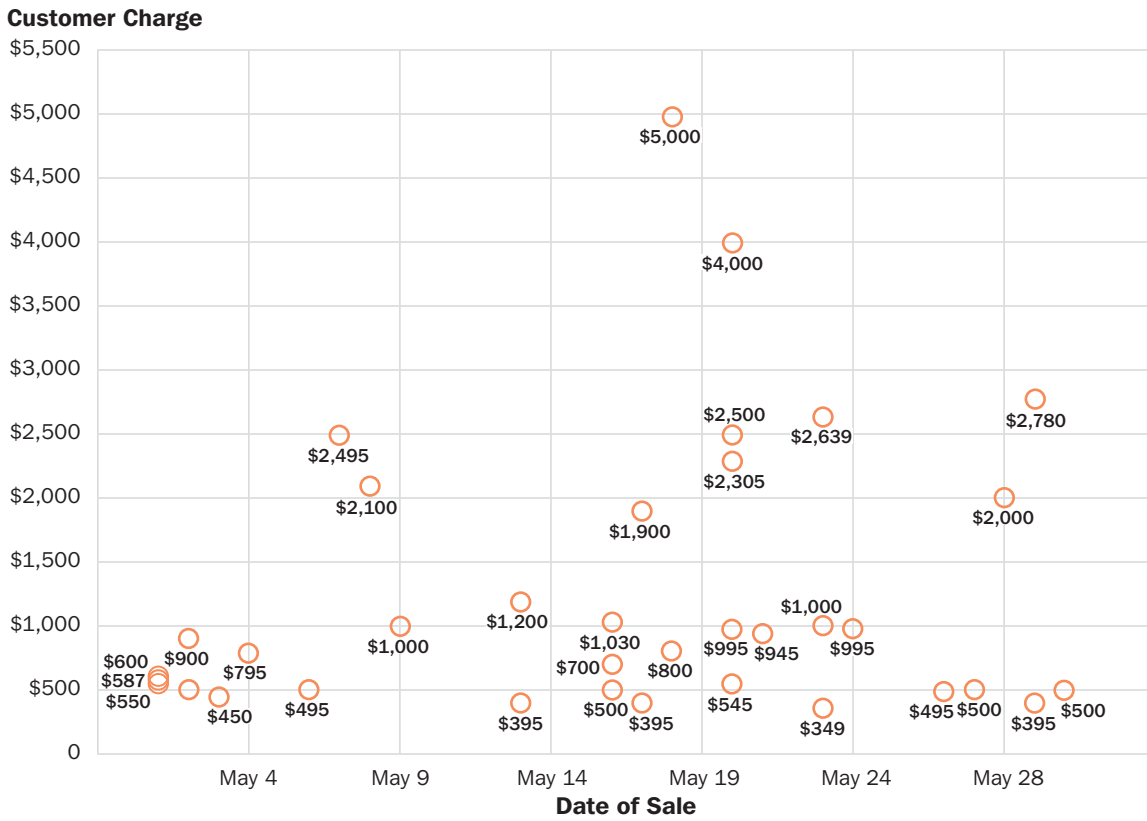
©National Consumer Law Center, 2017

Source: National data set of one provider's add-on products sold in the U.S., 2012.

Note: Only shows states with 100 or more records.

CHART 6

**What One Dealer in Michigan Charged Different Customers for Etch, May 2013**  
 (Dealer's Cost = \$50 for Each Etch Product)

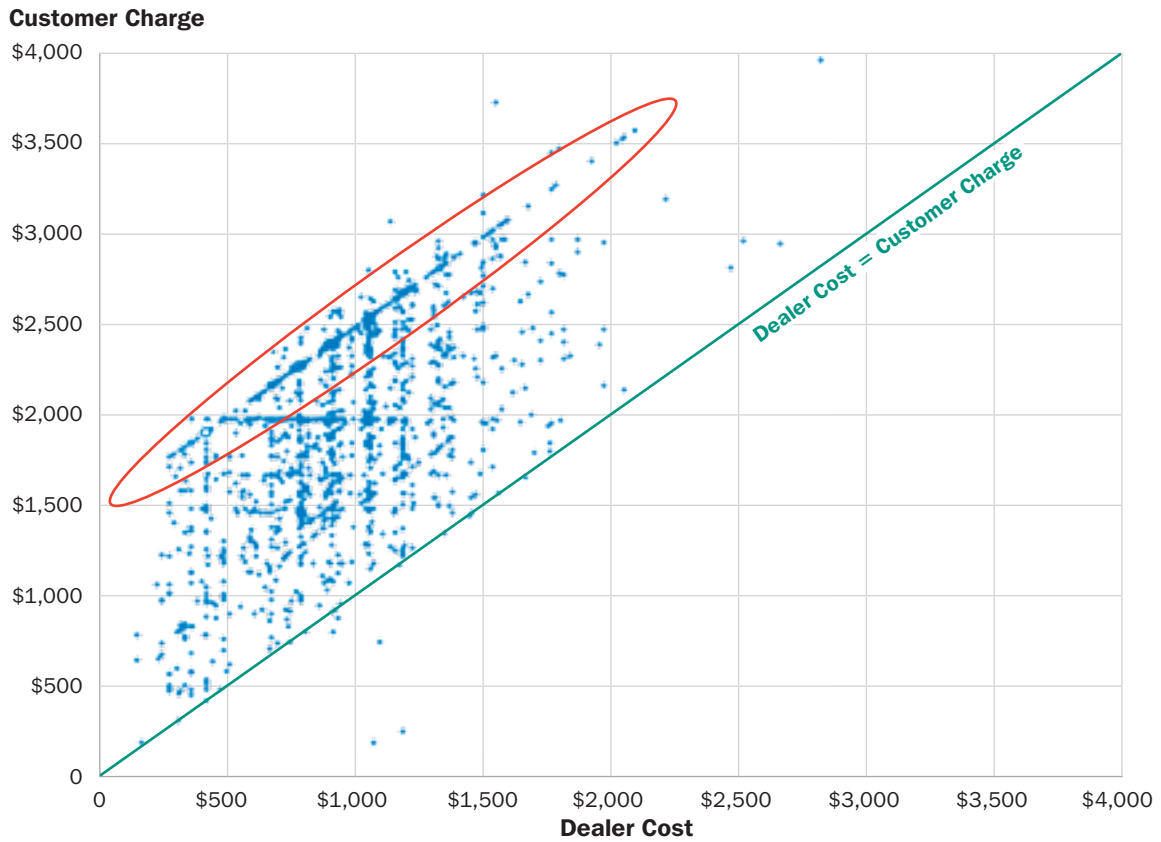


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Source: National data set of one provider's add-on products sold in the U.S., May 2013.

CHART 7

**Dealer Pricing for Service Contracts  
with a Trend Towards a Constant \$1,500 Markup**

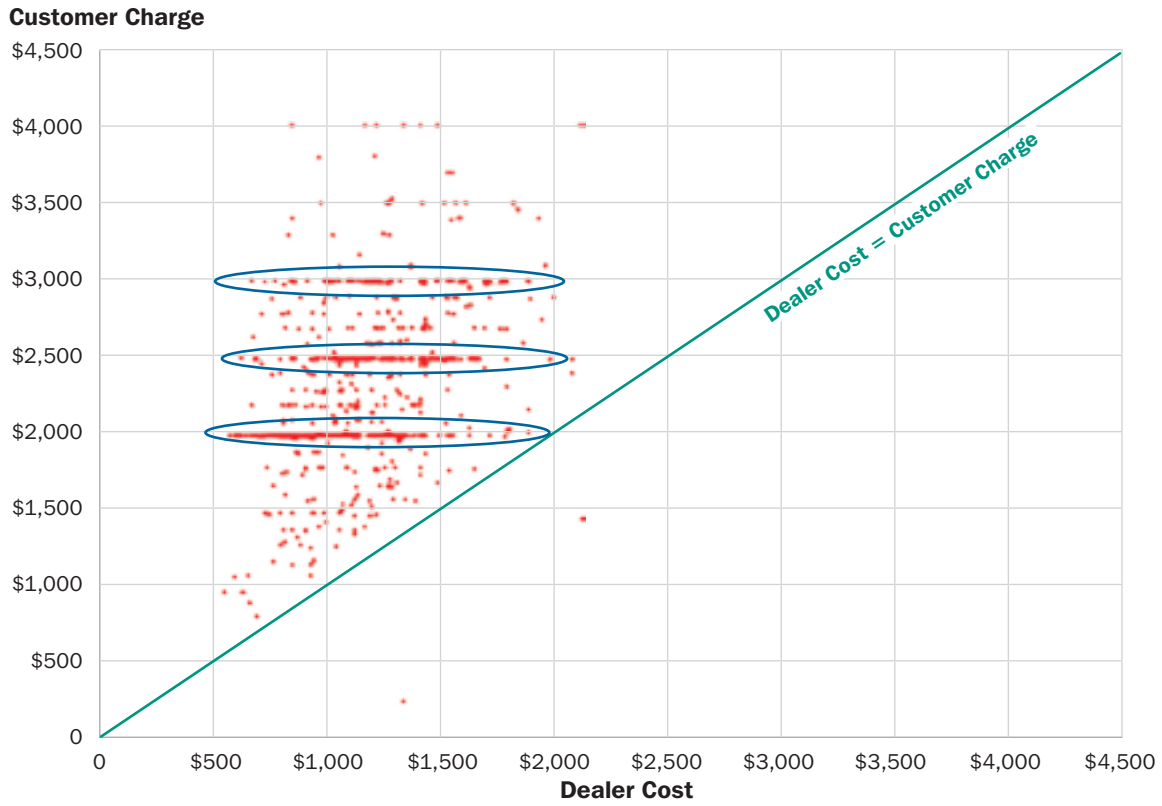


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Source: National data set of one provider's add-on products sold in the U.S., 2011.

CHART 8

**Dealer Pricing for Service Contracts  
with a Trend Towards Pricing at \$1,999, \$2,495 and \$2,999**



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Source: National data set of one provider's add-on products sold in the U.S., 2011.



CHART 9

**Dealer Pricing for Service Contracts  
with a Trend to Use Either a Fixed Price or a Fixed Markup**



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Source: National data set of one provider's add-on products sold in the U.S., 2011.

CHART 10

Comparison of Two Dealers' Pricing for Service Contracts

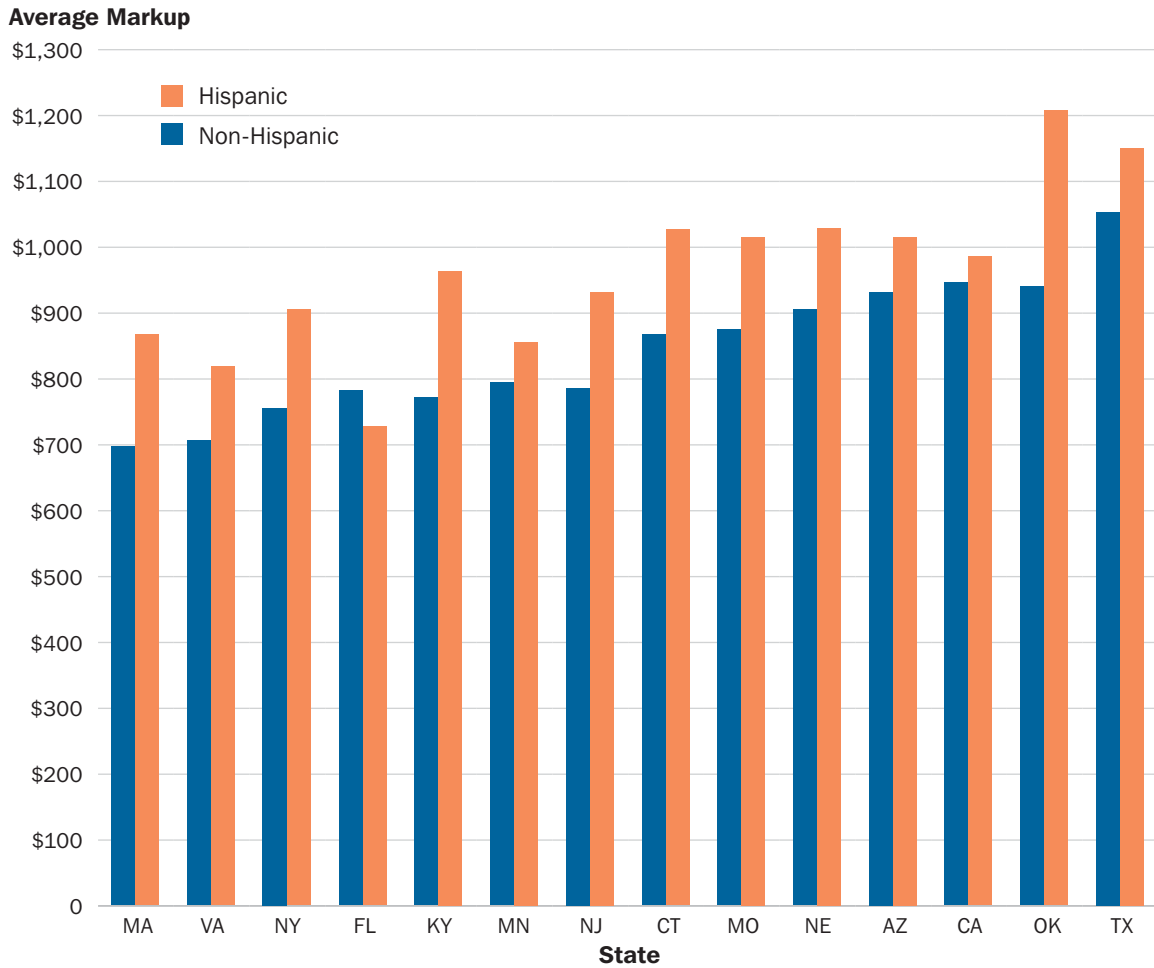


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Source: National data set of one provider's add-on products sold in the U.S., 2011.

CHART 11

**Average Service Contract Markup for Hispanics and Non-Hispanics in Dollars**

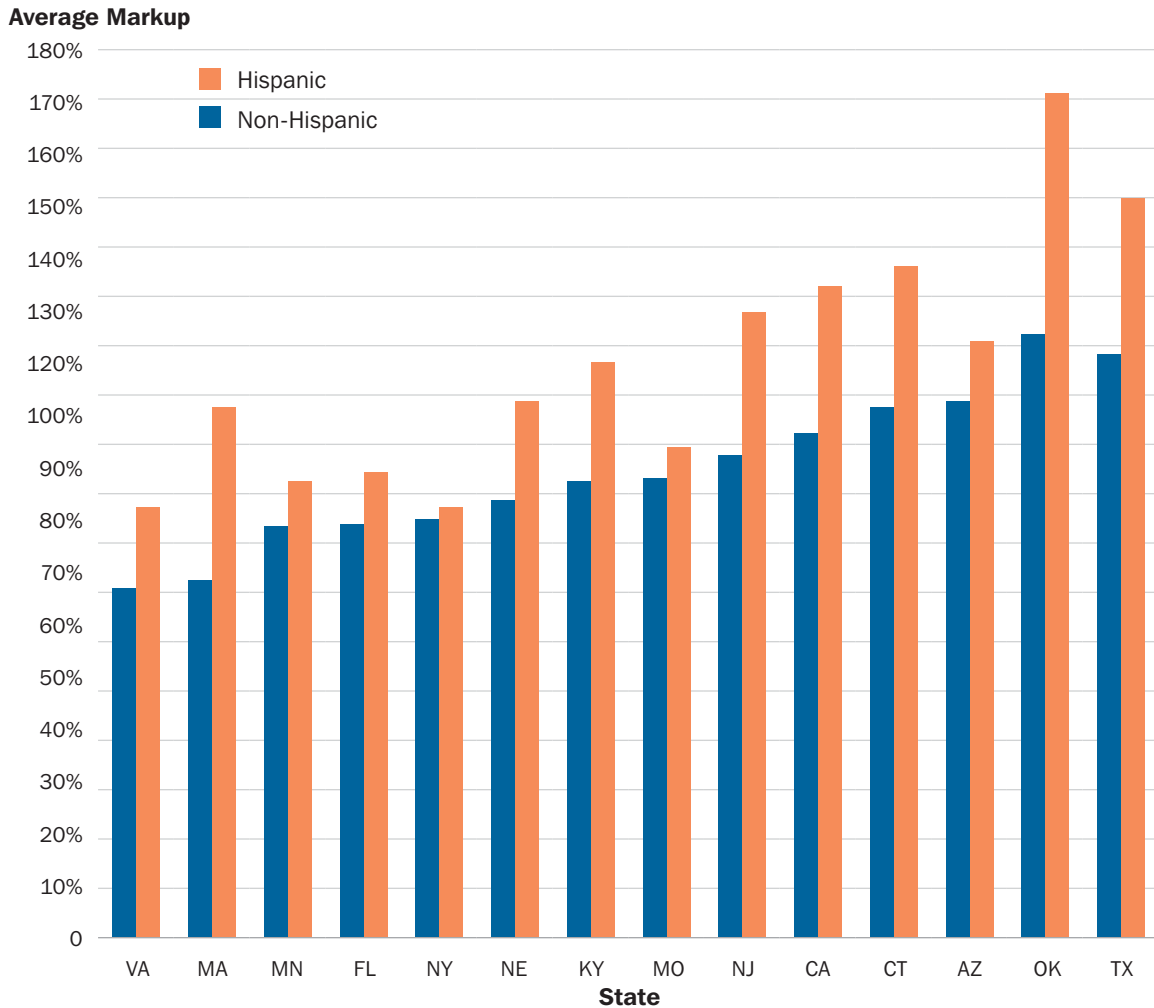


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Source: National data set of one provider's add-on products sold in the U.S., 2011.

CHART 12

### Average Service Contract Markup for Hispanics and Non-Hispanics by Percentage

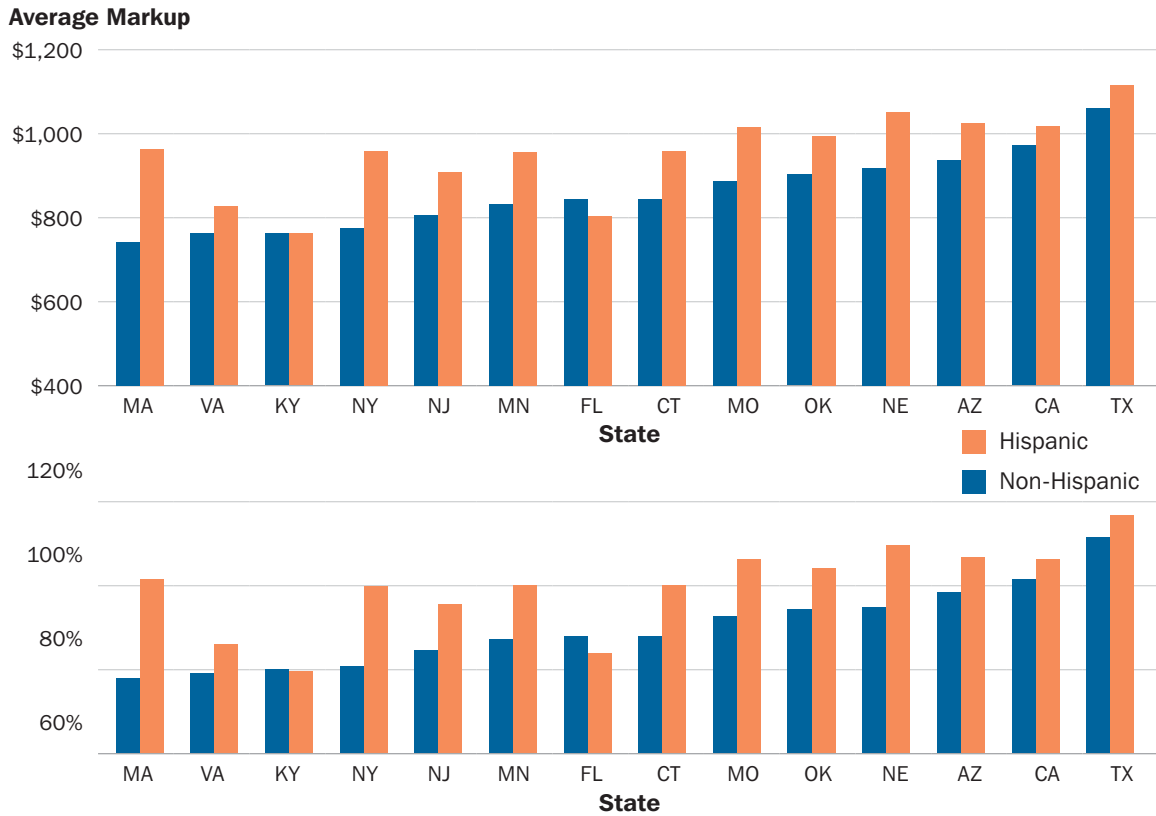


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Source: National data set of one provider's add-on products sold in the U.S., 2011.

CHART 13

**Service Contracts: Average Hispanic and Non-Hispanic Markup by State  
in Dollars and Percentages Where Dealer Cost is \$910 to \$1,010**

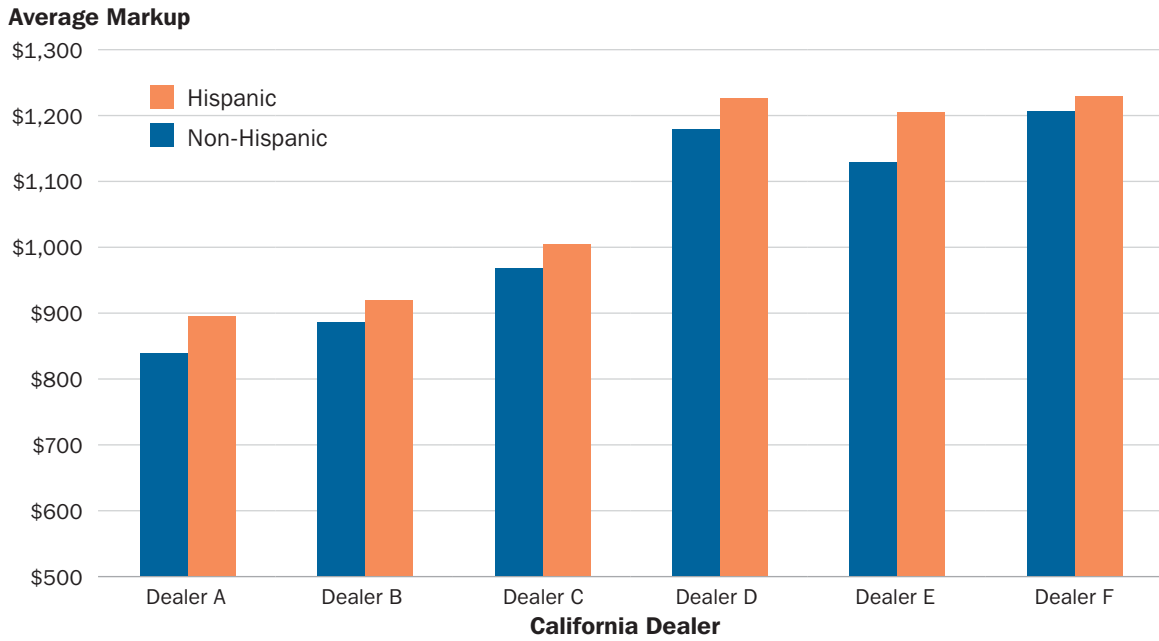


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Source: National data set of one provider's add-on products sold in the U.S., 2011.

CHART 14

### Hispanic and Non-Hispanic Markups for Service Contracts by Six California Dealers in Dollars

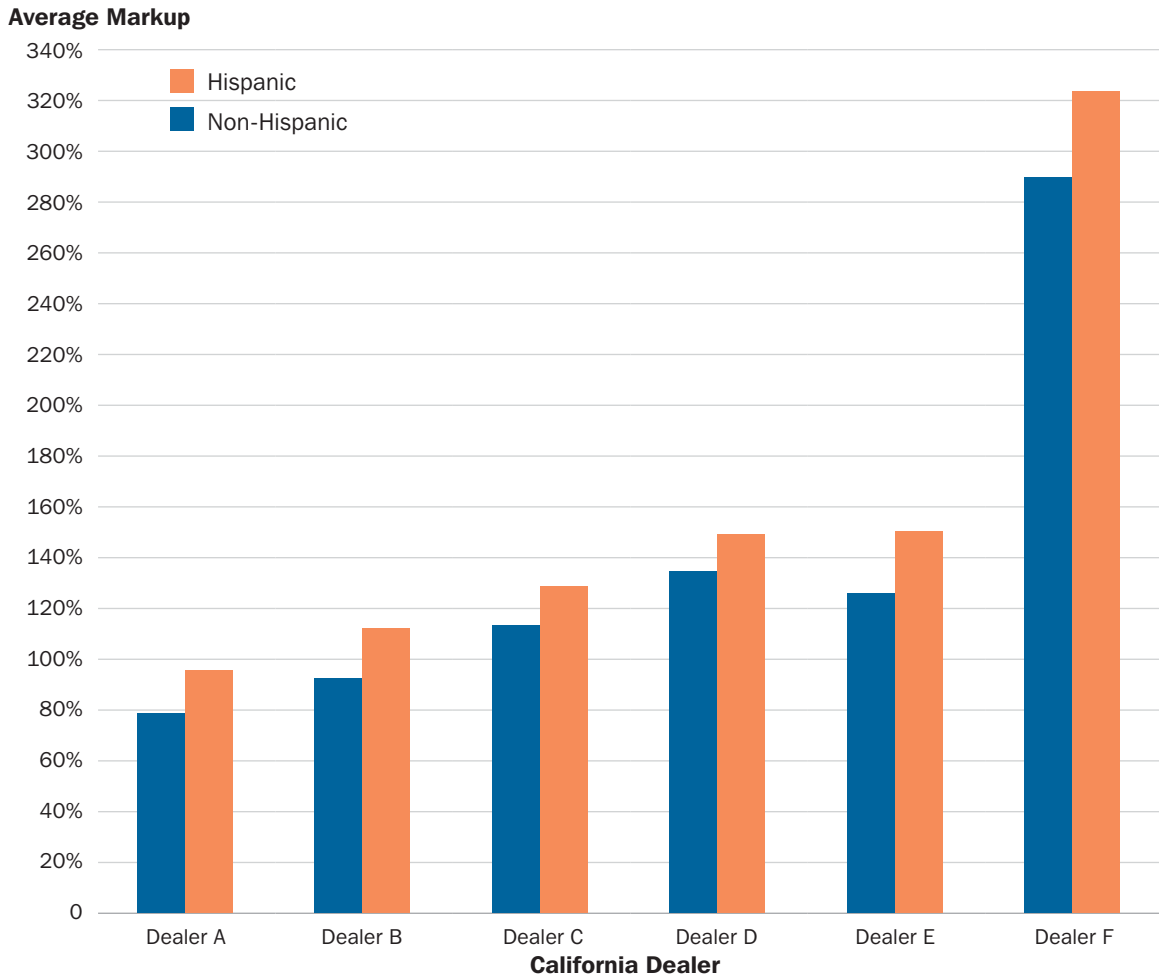


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Source: National data set of one provider's add-on products sold in the U.S., 2011

CHART 15

### Hispanic and Non-Hispanic Markups for Service Contracts by Six California Dealers by Percentage

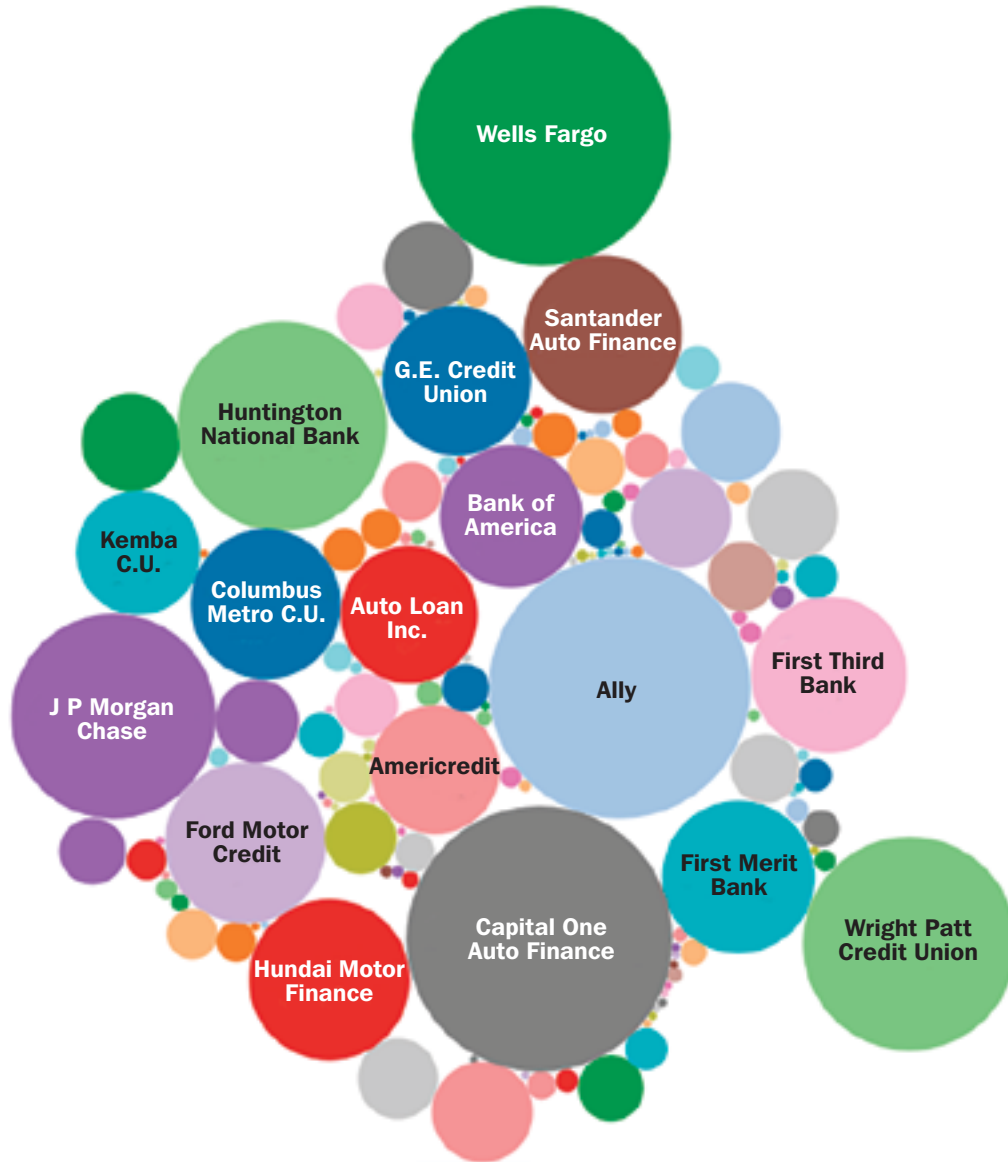


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Source: National data set of one provider's add-on products sold in the U.S., 2011.

CHART 16

Ohio: Creditors' Market Share Where Guaranteed Asset Protection (GAP) Insurance Was Sold\*



\*Companies with the largest market share are identified.

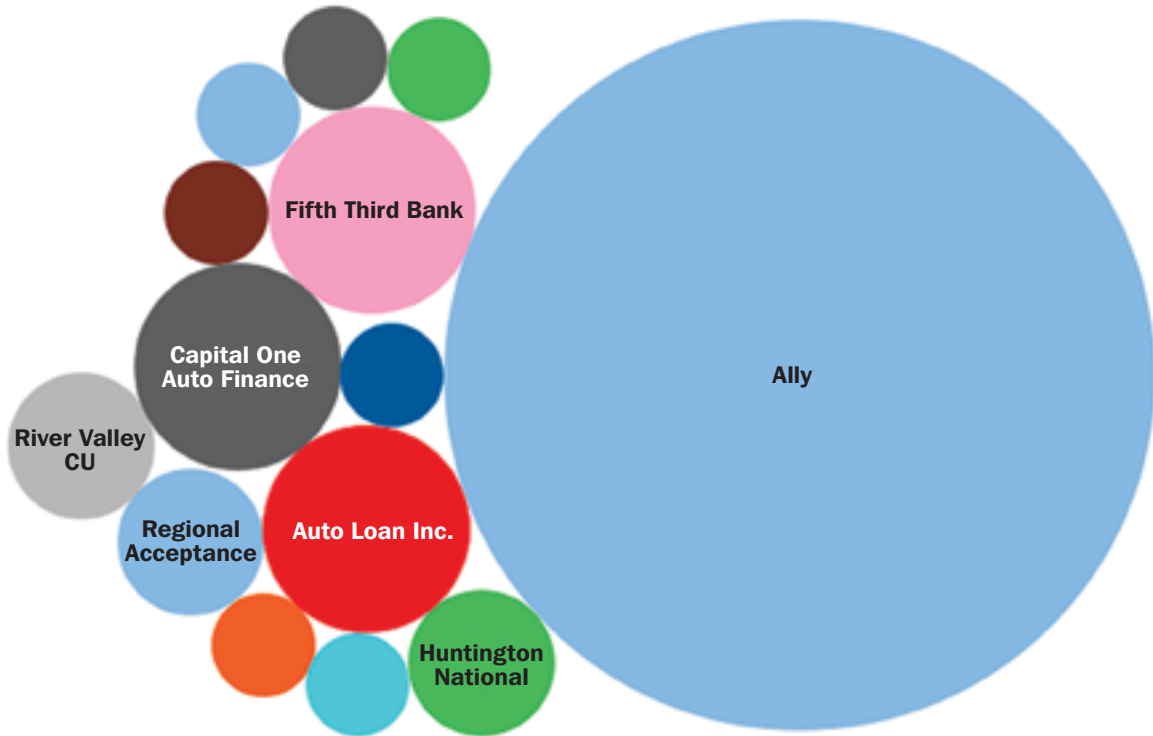
©National Consumer Law Center, 2017

Source: National data set of one provider's add-on products sold in the U.S. 2007–2013, and title information obtained from Ohio county title offices and made available by the Ohio Department of Public Safety and the Bureau of Motor Vehicles.



CHART 17

Ohio: Creditors' Market Share Where Customer Paid More Than \$900 for Guaranteed Asset Protection (GAP) Insurance\*



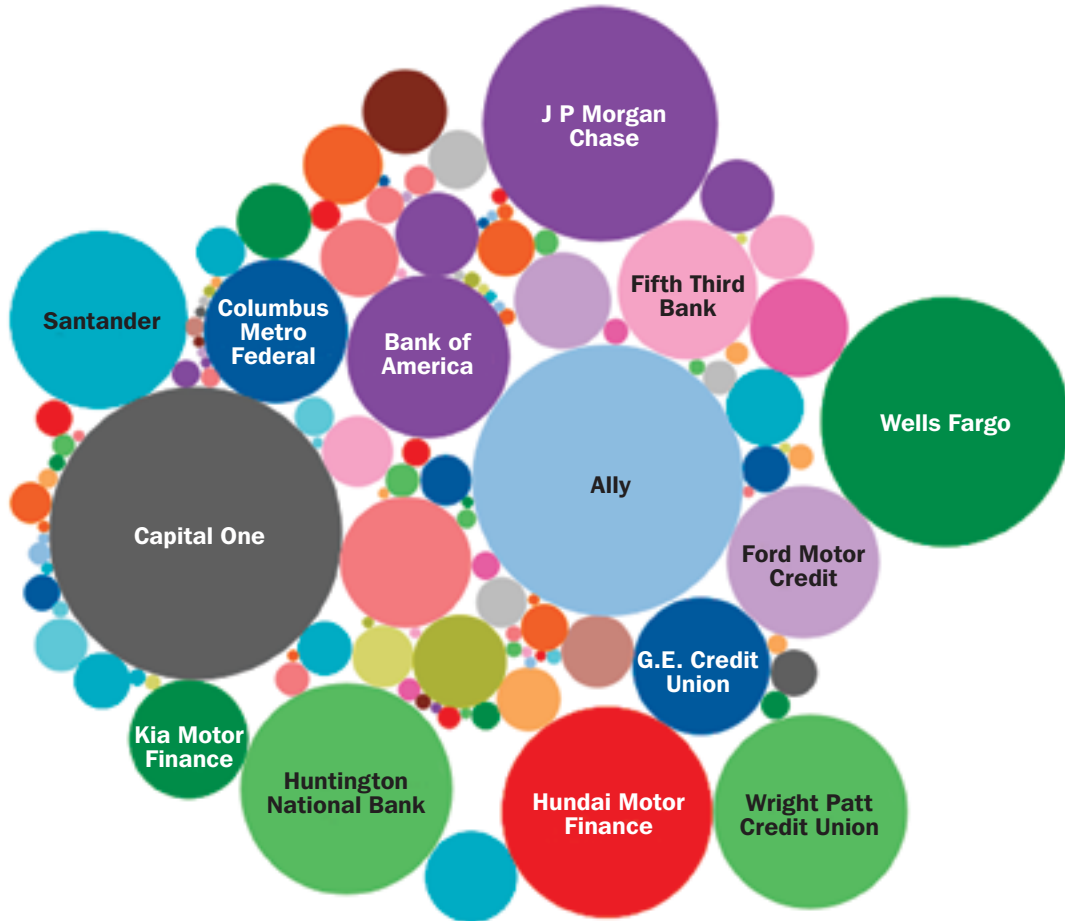
\*Companies with the largest market share are identified.

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Source: National data set of one provider's add-on products sold in the U.S. 2007–2013, and title information obtained from Ohio county title offices and made available by the Ohio Department of Public Safety and the Bureau of Motor Vehicles.

CHART 18

Ohio: Creditors' Market Share Where Dealer Cost of Guaranteed Asset Protection (GAP) Insurance Was \$150–\$250\*



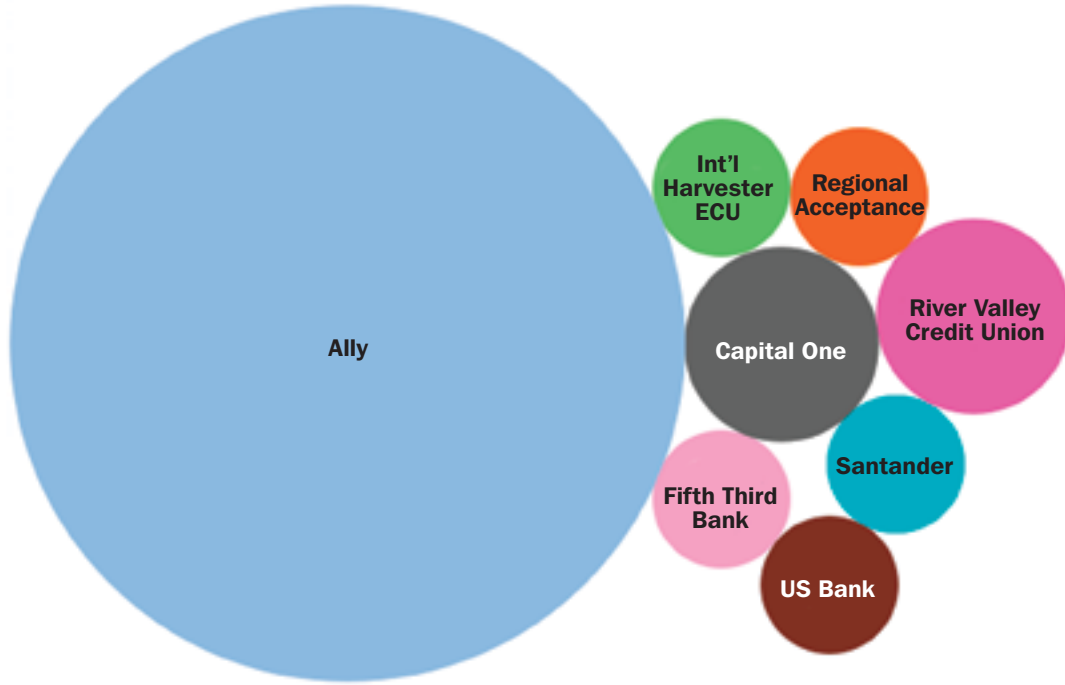
\*Companies with the largest market share are identified.

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Source: National data set of one provider's add-on products sold in the U.S., 2007–2013, and title information obtained from Ohio county title offices and made available by the Ohio Department of Public Safety and the Bureau of Motor Vehicles.

CHART 19

**Ohio: Creditors' Market Share Where Dealer Cost of Guaranteed Asset Protection (GAP) Insurance Was \$150–\$250 and Customer Price Exceeded \$900**



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Source: National data set of one provider's add-on products sold in the U.S., 2007–2013, and title information obtained from Ohio county title offices and made available by the Ohio Department of Public Safety and the Bureau of Motor Vehicles.

GRAPHIC 1

Sample Advertisement for Dealers

**Strength.  
Security.  
Results.**

**It's who we are.**

- #1 volume F&I product provider.
- Over 200 exceptional agent partners delivering value in all 50 states—**the absolute best in income development.**
- 26 customized OEM private-label programs, more than all other providers combined—**the undisputed leader.**
- \$600 million in claims paid.
- \$5 billion in profits for our clients.
- 15 million consumers protected worldwide.

Safe-Guard is committed to providing exceptional service and profit-driven results. Experience for yourself why Safe-Guard is the industry's leading F&I provider.

Visit Safe-Guard in Booth 212 at the F&I Conference & Expo.

**SAFE-GUARD**  
Products Corporation LLC

**One Company. One Solution.**  
800-742-7896 | info@sgfci.com  
www.safe-guardproducts.com

f | t

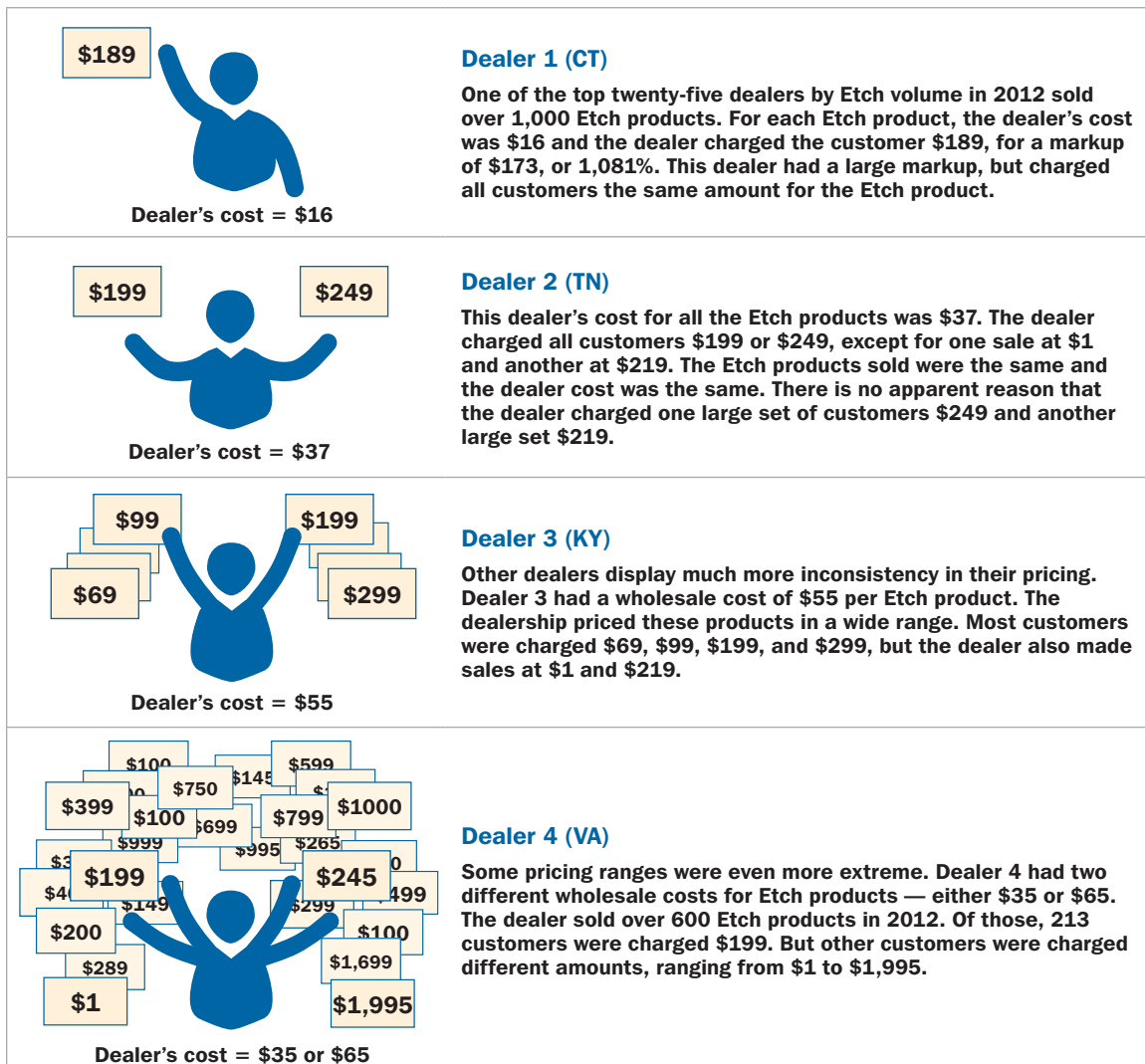
GAP	Tire & Wheel	Theft	Lease Wear & Tear	Paintless Dent Repair	Windshield	Roadside Assistance	Identity Theft
Key Replacement	Planned Maintenance	Interior & Exterior	Mechanical Protection	Emergency Notification			
E-Business Solutions	Menu Software	Training & Development					

Note: The red circle has been added to the advertisement for emphasis.

## GRAPHIC 2

### Dealers and Window Etching Pricing four dealers, four different pricing patterns

While some dealers with lots of sales of window etching (Etch) charge everyone the same price, it is not typical. In 2012, there were 105 dealers in NCLC's data set that sold Etch products that had just one dealer cost for every Etch product they sold. Only 19 of those 105 dealers sold the Etch product to each of their customers for the same price. 82% of dealers did not have a single fixed price for their Etch products, but established a different price depending on the customer. These extreme pricing inconsistencies cannot be explained by different costs to the dealer, different products being sold, or different time periods.



To increase transparency of pricing and help prevent discriminatory practices, dealers should be required to:

1. Post the available add-ons and their non-negotiable prices on each car in the lot along with the price of the car itself.
2. Collect data about consumers' race and ethnicity as part of the transaction and make the data available, just as mortgage lenders to do.

Source: National data set of one provider's add-on products sold in the U.S., 2012.

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