

OPTIONAL PROTECTION PRODUCTS

Vehicle finance companies, traditional installment lenders, mortgage lenders and credit card companies, all finance a range of optional protection products for their customers. Some of the more common types are credit insurance, debt cancellation contracts (DCC), Guaranteed Auto Protection (GAP), and payment protection plans.

Optional protection products such as credit insurance enable the customers of AFSA members to withstand financial shock and build financial resilience on their path to greater financial well-being.

Financial institutions go to great lengths to be transparent with customers, making it clear at various points during the loan process, including at closing, that all ancillary products are optional.

Access to affordable insurance and other non-loan financial services, reduces AFSA member customers' exposure to financial risk and the consequences of financial shock. During the COVID 19 pandemic, AFSA members reported massive surges in Optional Protection Product payouts:

- Members of the Consumer Credit Industry Association (CCIA) report that involuntary unemployment insurance claim frequency increased an estimated 101% for March and 1,005% in April 2020 when compared to the same period in 2019.
- One AFSA member reported a 581 percent increase in Involuntary Unemployment Insurance claims, and a 203 percent increase in total dollars out from the beginning of March to the end of April, 2020.

AFSA supports measures that require transparency and clarity in the extension of optional protection products to consumers.