CREDIT UNION MEMBER PROTECTION PROGRAM TOOLKIT

Four practical tools for stronger program decisions.

Evaluate GAP. Review vehicle service contract providers. Prepare member-education conversations. Build accountable cancellation and refund workflows.

Prepared for credit union lending, operations, training, technology, risk, compliance, and executive stakeholders.

HOW TO USE IT

Assign an owner for each open item. Bring the actual contract and operating evidence. Include post-closing servicing. Record decisions, exceptions, deadlines, and monitoring expectations.

TOOL	WORKSHEET	PRIMARY PURPOSE
01	**GAP program evaluation**	Structure, eligibility, member communication, servicing, controls
02	**VSC provider review**	Coverage, claims, member support, capacity, reporting
03	**Member education**	Ask, listen, explain, check understanding, document
04	**Cancellation and refunds**	Intake, calculation, application, reconciliation, escalation

Educational use only. This toolkit is not legal, compliance, tax, accounting, or insurance advice. Program documents and the credit union's own review control.

TOOL 01

GAP program evaluation checklist

Use this worksheet to move from a product description to a documented credit union decision about structure, member fit, operations, and oversight.

ANSWER FIRST	GAP is optional. Confirm the approved legal structure and parties, then evaluate total cost, eligibility, benefit calculation, limitations, member communication, total-loss support, cancellation, refund, reconciliation, and monitoring before launch.

REVIEW ITEM	EVIDENCE / NOTES	OWNER / STATUS
Approved structure, contractual obligor, administrator, insurer (if applicable), and jurisdictions		
Eligible loans, assets, uses, terms, amounts, loan-to-value ranges, and primary-insurance requirements		
Covered loss events, benefit calculation, maximum benefit, deductible treatment, and excluded balances		
Total cost, financing effect, optional status, right to decline, and approved member explanation		
Contract delivery, retention, member access, and support contacts		
Total-loss intake, required documents, status updates, service standards, and escalation		
Cancellation eligibility, timing, calculation method, refund application, and member notice		

TOOL 01

GAP program evaluation checklist - controls

Complete this page with the team responsible for lending, servicing, accounting, complaints, provider management, and compliance.

REVIEW ITEM	EVIDENCE / NOTES	OWNER / STATUS
Payoff, repossession, refinancing, early termination, and unearned-fee handling		
Reconciliation across provider, loan, cancellation, refund, and accounting records		
Complaint intake, root-cause analysis, exceptions, member remediation, and escalation		
Provider service levels, reporting, audit rights, business continuity, data security, and exit support		
Employee training, approved language, eligibility controls, documentation, and quality review		
Management reporting for claims, cancellations, refunds, complaints, exceptions, and aging		
Legal, compliance, risk, operations, technology, training, and executive approval evidence		

DECISION RECORD

Decision: ____________________ Executive owner: ____________________ Review date: ____________________

Open conditions or exceptions: ____

TOOL 02

Vehicle service contract provider checklist

Evaluate the contract and the service organization behind it. Ask for evidence that can be reviewed, retained, and monitored.

ANSWER FIRST

A vehicle service contract is not a manufacturer warranty. The actual contract controls coverage, exclusions, deductibles, repair requirements, claim authorization, cancellation, transfer, and other rights.

REVIEW ITEM	EVIDENCE / NOTES	OWNER / STATUS
Contract obligor, administrator, insurer or financial backing, licenses, and approved jurisdictions		
Coverage design, covered components or exclusions, term, mileage, deductibles, limits, and additional benefits		
Waiting periods, pre-existing conditions, maintenance, wear, modifications, commercial use, and other exclusions		
Manufacturer warranty overlap and the approved explanation of differences		
Eligible vehicles, ages, mileage, uses, loan channels, and validation controls		
Repair-facility access, authorization, diagnosis, teardown, parts, labor, and reimbursement rules		
Claim intake, status communication, turnaround expectations, appeals, and escalation		

TOOL 02

Vehicle service contract provider checklist - operations

Review provider evidence with operations and member-service leaders, not only the product-selection team.

REVIEW ITEM	EVIDENCE / NOTES	OWNER / STATUS
Member and repair-facility support hours, channels, accessibility, and service standards		
Cancellation, refund, transfer, payoff, repossession, and reconciliation procedures		
Complaints, disputes, exceptions, root-cause analysis, and remediation process		
Training content, approved descriptions, prohibited statements, and quality monitoring		
Data flow, access controls, security evidence, incident response, retention, and vendor dependencies		
Reporting for claims, approvals, denials, aging, cancellations, refunds, complaints, and service quality		
Contract rights, pricing changes, audit access, performance remedies, continuity, transition, and exit assistance		

COMPARISON NOTE

Provider / program: ____________________ Reviewer: ____________________ Date: ____________________

Most important unanswered question: ____

TOOL 03

Member-education conversation guide

A dynamics-based framework for adapting to the member while keeping the explanation accurate, voluntary, and documented.

1. ASK

Start with the member situation: ownership plans, budget concerns, existing coverage, questions, and priorities.

2. LISTEN

Identify the concern in the member's words. Do not assume a need or force the conversation into a script.

3. EXPLAIN

Connect only relevant optional products to the stated situation. Explain total cost, important limitations, financing effect, and the right to decline.

4. CHECK

Ask the member to describe what the option does and does not do. Correct misunderstandings without pressure.

5. DOCUMENT

Record eligibility, acceptance or decline, delivery of the agreement, and any required acknowledgments accurately.

6. SUPPORT

Provide accessible contracts and contacts for claims, total loss, cancellations, refunds, complaints, and questions after closing.

TOOL 03

Member-education conversation guide - practice

Use scenarios instead of memorized pitches. Coach the employee on judgment, accuracy, listening, and member understanding.

SCENARIO	COACHING PROMPTS	NOTES
Member asks: "Is this required?"	State clearly whether the product is optional. Explain that declining it does not change the availability of credit when applicable. Avoid implying approval or rate consequences.	
Member says: "My insurance already covers that."	Acknowledge the existing coverage. Explain the specific risk or contract difference without criticizing the member's insurer or promising a benefit. Invite comparison.	
Member focuses only on the monthly payment.	Disclose total cost and financing effect, not only the payment change. Reconnect the explanation to the member's priorities and right to decline.	
Member has a claim, total loss, or repair issue.	Shift from origination to support. Identify the correct agreement, contact, documents, status, escalation path, and next update. Do not guess about coverage.	

Coach / observer: ____________________ Employee: ____________________ Follow-up date: ____________________

TOOL 04

Cancellation and refund workflow checklist

Map the complete process from a member request through calculation, application, reconciliation, communication, exception handling, and management review.

INTAKE	Accept the request through documented channels. Record member, loan, product, contract, reason, date, channel, and requested effective date.	Owner: ____________________ System / evidence: ____________________ Timing standard: ____________________
VALIDATE	Confirm authority, contract status, applicable event, documents, eligibility, payoff or repossession status, and jurisdiction-specific requirements.	Owner: ____________________ System / evidence: ____________________ Timing standard: ____________________
CALCULATE	Apply the approved contractual or required method. Identify fees, earned amount, refund amount, effective date, and responsible party.	Owner: ____________________ System / evidence: ____________________ Timing standard: ____________________
AUTHORIZE	Route exceptions and approvals under defined limits. Retain calculation evidence and reviewer identity.	Owner: ____________________ System / evidence: ____________________ Timing standard: ____________________
APPLY OR PAY	Determine whether the amount reduces the loan balance, goes to a lienholder, or is returned another approved way. Record transaction references.	Owner: ____________________ System / evidence: ____________________ Timing standard: ____________________
COMMUNICATE	Confirm receipt, expected timing, calculation result, application method, remaining balance impact, next steps, and escalation contact.	Owner: ____________________ System / evidence: ____________________ Timing standard: ____________________
RECONCILE	Match provider, loan, general-ledger, check or payment, and cancellation records. Investigate differences and aging.	Owner: ____________________ System / evidence: ____________________ Timing standard: ____________________
MONITOR	Review timeliness, accuracy, complaints, repeat failures, exceptions, unresolved items, and corrective actions.	Owner: ____________________ System / evidence: ____________________ Timing standard: ____________________

TOOL 04

Cancellation and refund workflow - control review

Use this page to test whether the written process can be performed, evidenced, measured, and escalated.

REVIEW ITEM	EVIDENCE / NOTES	OWNER / STATUS
Documented intake channels, required fields, acknowledgment, and status ownership		
Contract retrieval, identity or authority validation, event verification, and effective-date rules		
Approved calculation method, fees, reviewer, quality check, and retained evidence		
Loan application or payment routing, accounting entries, transaction references, and member notice		
Provider, loan, accounting, and payment reconciliation with aging and exception ownership		
Service-level expectations, status updates, escalation triggers, complaints, and remediation		
Payoff, repossession, refinance, deceased member, dispute, and other exception procedures		
Management reporting, root-cause analysis, repeat failures, corrective actions, and validation		

WORKFLOW TEST

Test case: ____________________ Completed by: ____________________ Date: ____________________

Breakdown or control gap found: ____

OFFICIAL REFERENCE SOURCES

Use the actual program documents and current official guidance.

These sources informed the general educational prompts in this toolkit. Requirements and product structures can vary by jurisdiction and program.

NATIONAL CREDIT UNION ADMINISTRATION

Evaluating Third-Party Relationships
https://ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/evaluating-third-party-relationships-0

NATIONAL CREDIT UNION ADMINISTRATION

Indirect Lending and Appropriate Due Diligence
https://ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/indirect-lending-and-appropriate-due-diligence

CONSUMER FINANCIAL PROTECTION BUREAU

What is Guaranteed Asset Protection (GAP)?
https://www.consumerfinance.gov/ask-cfpb/what-is-guaranteed-asset-protection-gap-insurance-en-797/

CONSUMER FINANCIAL PROTECTION BUREAU

Optional add-on products, extended warranties, and GAP
https://www.consumerfinance.gov/ask-cfpb/am-i-required-to-purchase-an-extended-warranty-or-guaranteed-asset-protection-gap-insurance-from-a-lender-or-dealer-to-get-an-auto-loan-en-807/

FEDERAL TRADE COMMISSION

Auto Warranties and Auto Service Contracts
https://consumer.ftc.gov/articles/auto-warranties-and-auto-service-contracts

NEXT STEP	Use the completed worksheets to identify priority decisions, missing evidence, accountable owners, and a practical review agenda. Learn more at creditunionfinanceproducts.com.