

PROCEDURE MANUAL

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I. VEHICLE ELIGIBILITY REQUIREMENTS

NOTE: IF THERE IS ANY QUESTION AS TO VEHICLE ELIGIBILITY, PLEASE CALL PREFERRED ADMINISTRATORS PRIOR TO ISSUING A VEHICLE SERVICE CONTRACT at (877) 565-0816.

To qualify for a Vehicle Service Contract, a vehicle must meet **all** of the following eligibility requirements, according to category:

A. All Vehicles

1. The vehicle must be listed in the Vehicle Class Listing and have a numeric or alpha designation. A vehicle on the Vehicle Class Listing with an "N/A" entry under either New or Pre-Owned is not eligible. **Any vehicle type not specifically listed on the Vehicle Class Listing is not eligible for coverage.** However, new models of generally eligible vehicles are introduced from time to time and may not appear on the current Vehicle Class Listing. In such cases, you are instructed to call Preferred Administrators to obtain the proper New and/or Pre-Owned Vehicle Class.
2. The Vehicle cannot be registered or used as a commercial unit as outlined in the exclusions section of the Vehicle Service Contract (except as noted in number 4 below) or used for any of the purposes listed in number 3 below.
3. The Vehicle cannot be used for any of the following functions: Rental; Taxi, Limousine or Shuttle; Delivery; Towing or road repair operations; Construction; Job site activities; Hauling; Police or Emergency Service; Principally off-road use; Racing or Competitive Driving; Snow removal; Service or Repair
4. Certain "Light Duty" new commercial units are eligible for coverage if the Commercial Usage surcharge is selected and paid for at the time of vehicle and Contract purchase. "Light Duty" commercial vehicles cannot exceed the Manufacturer recommended Gross Combination Weight Rating (GCWR) and/or the Manufacturer's recommended towing limits. The following are considered "Light Duty" vehicles: Farm/Ranch operations; Flag/Convoy vehicles (not used for towing); School Driver Education Training (excludes add on equipment for instructor); Catering/Floral Service; Lawn/Landscape Service; Passenger Shuttle; Dealer Service Vehicles; Mall/Business Security Patrol.
5. Only vehicles used for pleasure, or driven back and forth to work, (subject to the restrictions listed in number 3 and 4, above) are eligible.
6. The Vehicle cannot have been modified for high performance or equipped with non-factory equipment.
7. The Vehicle cannot have been altered or modified in a fashion not recommended by the manufacturer (including but not limited to: removal of emissions control equipment, engine modifications, oversized/undersized tires, suspension kits, etc.).
8. **The Vehicle cannot have an odometer that is broken, or has been broken and/or the correct mileage cannot be determined and verified by the administrator.**
9. The Vehicles cannot have ever been declared a total loss or salvaged.
10. **All covered components must be functioning at the time of sale of the vehicle and of the Vehicle Service Contract. Pre-existing conditions are not covered.**
11. Coverage under this Contract begins on the Contract Purchase Date and will expire according to the time and/or mileage selected, whichever occurs first as shown on the Declarations Page. Refer to item "B. New Vehicle" and item "C. Pre-Owned Vehicle" for an explanation of the expiration date calculation.

IF THERE IS ANY QUESTION ABOUT THE ELIGIBILITY OF A VEHICLE, CALL PREFERRED ADMINISTRATORS AT (877) 565-0816.

B. New Vehicle: Refers to a vehicle that has remaining time and miles under the original manufacturer's basic factory warranty at the time of purchase of the Contract. If the original start date of the basic manufacturer's warranty cannot be determined, July 1st of the model year will be used for underwriting purposes.

- 1. To be eligible for a New Vehicle Service Contract, the vehicle must have a minimum of 1 month and 1,000 miles remaining on the original Full Manufacturer's Warranty.**
2. A New Vehicle Contract can only be sold on a vehicle that has the original manufacturer's warranty, including all remaining extended powertrain warranty. "Brass Hat," executive driven vehicles, and program cars are only eligible if the manufacturer's warranty is transferred and they fall within the guidelines noted above.

NOTE: New Vehicle Coverage expiration is measured in time/mileage from the Contract Purchase Date and Zero (0) miles.

C. Pre-Owned Vehicle: A qualifying vehicle that does not meet the definition of a New Vehicle.

1. A pre-owned vehicle must be inspected and all non-working components repaired. The **Oil** and **Oil Filter** must be changed and all other fluid levels checked and/or replenished, if necessary. Preferred Administrators reserves the right to request verification of this requirement at the point of a claim.
2. The vehicle must be of the current or 9 previous model years. January 1st shall be considered the model year change for determining eligibility under this rule.

NOTE: The Pre-Owned Vehicle Service Contract must be sold at the time the vehicle is sold. The Pre-Owned Vehicle Coverage expiration is measured in time/mileage from the Contract Purchase Date and Odometer Mileage (on Contract Purchase Date.)

II. DEDUCTIBLES

Any Vehicle Service Contract, regardless of term, may carry a deductible. There are several deductible options available. Please see your Rate Chart for details and costs.

The deductible noted on the Vehicle Service Contract Declarations Page will be applied on a per repair visit basis.

If the Disappearing Deductible option is chosen, the Contract Holder's deductible is reduced to zero dollars (\$0) when the repairs are made by the dealer where the Vehicle Service Contract was purchased.

NOTE: The Contract states, "once a part is repaired or replaced under the terms of this Contract, there will be no Deductible for future repairs to that part."

III. RATING

The Vehicle Class Listing contains a list of all eligible vehicles and their rating symbols (class). Brief plan descriptions, plan codes and rates (Net Cost) including deductible information, and the surcharges for the Consequential Loss Coverage, Conversion Van Package, Safety Package, Entertainment Package, Navigation Package, and Commercial Usage coverage appear in the Rate Chart.

Vehicle classifications and rates change from time to time, so each New Rate Chart will replace the previous edition. All Charts will show the effective date.

A. Rates and Vehicle Class/Code Listings

There is a New Vehicle Rate Chart and a Pre-Owned Vehicle Rate Chart from which to select coverage, term and rate. The Vehicle Class/Code may be used for both New and Pre-Owned Vehicle Plans. Match the vehicle class to the coverage, plan, term and deductible, together with any surcharge, to obtain your cost.

B. Dealer Cost

All rates contained in the Rate Chart represent Dealer Cost. No profit has been added. The retail rate you charge your customer is determined at your discretion.

NOTE: This does not apply to Florida dealers.

A. Completing the Declarations Page

The Vehicle Service Contract Declarations Page is a four-part NCR document. In order to process the Vehicle Service Contract and provide complete administrative services, it is mandatory that **ALL** information be completed on the Declarations Page. Once the Vehicle Service Contract is complete and signed by the Contract Holder, all copies should be distributed.

B. Preferred Administrator's Copies

Mail the original copies weekly. Send the white copies with a **completed Service Contract Sales Register** and a check payable to Preferred Administrators for the total dealer cost due in the pre-addressed envelopes provided. It is important that all Vehicle Service Contract sales be reported promptly. Delays in reporting will delay the handling of Customer's claims. (Refer to section VI for payment details.)

V. REPORTING VEHICLE SERVICE CONTRACT SALES

Since this program uses “field issued” Vehicle Service Contracts, not applications, it is important that all Contract sales be reported promptly and regularly. The instructions that follow should be made available to all personnel involved with processing Vehicle Service Contract sales.

A. Pre-Numbered Service Contracts

All Vehicle Service Contract Declarations Pages are numbered and available only from Preferred Administrators. An accounting must be made for each Declarations Page issued to the Dealership. All spoiled or voided Declarations Pages must be marked as such and returned to Preferred Administrators. Declarations Pages must be used in sequential order.

B. Reporting to Administrator

The white/original copy of the Vehicle Service Contract is the Preferred Administrators copy. Pre-addressed envelopes, addressed to Preferred Administrators, have been provided for your convenience. Should you run out of envelopes, mail copies to:

**Preferred Administrators
P.O. Box 26830
Austin, Texas 78755**

Vehicle Service Contracts should be sent to Preferred Administrators **weekly**. Delays in reporting will delay the handling of the Contract Holder's claims.

Important Note: All Vehicle Service Contracts must be submitted to Preferred Administrators **weekly**. Preferred Administrators reserves the right to refuse any Contract submitted after this time.

Any Contracts received more than ninety (90) days after the date the Contract was purchased, **if accepted**, will require a Late Submission Fee of \$75.

VI. REMITTANCE / STATEMENTS

The method required by Preferred Administrators for the reporting and payment of Vehicle Service Contract sales is “Report and Remit” (R&R). This is the industry standard for the reporting and payment of Contract sales.

A. Report and Remit (R&R)

1. New Business – Submit Contracts **weekly** with a Service Contract Sales Register and payment for the amount due. The Service Contract Sales Register and your payment must accompany the business submitted. Service Contract Sales Register forms can be obtained from Preferred Administrators.
2. Monthly Statements – At the end of each billing period a Confirmation Statement will be generated and sent to you. It will reflect your activity and balance due (if any) for the period.

Important Note: ALL CHECKS SHOULD BE MADE PAYABLE TO PREFERRED ADMINISTRATORS.

Upon receipt of the Statement, please verify the Statement information to make sure Preferred Administrators has keyed in the correct information regarding new Vehicle Service Contracts, cancellations and adjustments. If there is an error inform us immediately in writing so that we can make the appropriate ADJUSTMENT to the Contract and credit or debit your account accordingly.

Important Note: Vehicle Service Contracts that are returned for corrections (i.e., over mileage, incorrect form, etc.) must be rewritten or corrected and resubmitted within 60 days from the Statement on which the Contract was returned. Preferred Administrators reserves the right to refuse Contracts resubmitted after this time.

It is your responsibility to notify the Contract Holder of any changes/corrections to their Vehicle Service Contract, or if the Contract is rewritten, to give the Contract Holder a copy of the new Contract.

B. Payment

The payment for all Vehicle Service Contracts is to be made in full upon submission of Vehicle Service Contract business. Claim payments will not be advanced on behalf of any Vehicle Service Contract on a Statement, which has not been paid in full.

C. Conclusion

A more detailed explanation of your Monthly Confirmation Statement can be obtained from Preferred Administrators. If you have any questions or problems regarding your Monthly Confirmation Statement, please call (877) 565-0816.

VII. TRANSFERS

A. Conditions of Transfer

The Vehicle Service Contract may be transferred as long as the title transfer passes from the original Contract Holder to a subsequent buyer, and only if all of the following conditions are met:

1. Some coverage, time and mileage, remains on the Vehicle Service Contract.
2. A completed transfer application, Bill of Sale confirming the vehicle's resale and a fifty dollar (\$50) transfer fee are submitted to the Administrator within thirty (30) days of a change in ownership.
3. Submit all maintenance records pertaining to this vehicle
4. Coverage can be transferred only to the next subsequent owner – not a dealer or wholesaler.
5. The balance of ANY manufacturer's warranty **must** be transferred at the same time. This is not the responsibility of Preferred Administrators.

NOTE: VEHICLE SERVICE CONTRACTS WRITTEN ON THE MAXIMUM WRAP PLAN ARE NOT ELIGIBLE FOR TRANSFER.

B. Important Provisions

1. Upon receipt of the Transfer Form, applicable fee and maintenance records as described in the Vehicle Service Contract, Preferred Administrators will issue a Transfer Verification Letter to the new owner of the vehicle.
2. The Vehicle Service Contract can only be transferred once by the original owner. Subsequent owners may not transfer the Vehicle Service Contract.
3. A transfer form can be obtained from the dealership the Contract was purchased or directly from Preferred Administrators.

VIII. CANCELLATIONS

The rules pertaining to cancellation of a Vehicle Service Contract have generally been set by financial institutions advancing money to finance the Vehicle Service Contract. The rules and conditions governing cancellation are set forth in the Vehicle Service Contract and below.

The Dealer/Lessor is always responsible for the portion of the refund containing the Dealer/Lessor profit.

NOTE: Any refund due will be calculated less a \$25.00 cancellation fee, unless flat cancelled at 100% or unless state laws provide otherwise.

A. Contract Holder Cancellation

The Vehicle Service Contract Holder may cancel the Contract at any time by:

1. Returning to the Dealer/Lessor to complete and sign a cancellation form.
2. Mailing written notice to the Dealer/Lessor of the desire to cancel the Contract.

In either instance above, the request must be accompanied by a notarized affidavit indicating the odometer reading at the date of the request.

The request for cancellation may not be made more than 45 days after the cancellation is to be effective. (Except in the case of repossession, stolen or totaled vehicles.) The Administrator may request supporting documentation from the primary insurance company or police reports indicating dates and mileage at time of incident.

B. Dealer/Lessor Cancellation

The Dealer/Lessor may cancel, or may be asked by Preferred Administrators to cancel, the Vehicle Service Contract at any time if:

1. The car is a total loss or is repossessed.
2. The odometer is disconnected or altered.
3. The car is used in a manner not covered by the Contract.
4. The charge for the Contract is not paid.
5. The vehicle has been modified in any way from the manufacturer's specifications, including, but not limited to: oversized/undersized tires, lift kits, non-factory turbo kits, etc.

C. Lienholder Cancellation

If the Contract Holder is in default of the loan Contract, the Lienholder shown on the Declarations Page of the Vehicle Service Contract may cancel the Contract in accordance with the terms and procedures listed herein.

D. Administrative Cancellation

In the event a Vehicle Service Contract is sold on a vehicle that does not comply or subsequently found to be out of compliance with the eligibility outlined in this manual or the Vehicle Service Contract, Preferred Administrators has the right to cancel the Contract.

E. Basis of Cancellation

1. Cancellations initiated by the Dealer/Lessor or the Contract Holder, within 60 days of the issue, will be calculated as a flat cancellation, unless there has been a claim.
2. If the Contract is cancelled after the first sixty (60) days or a claim has been filed, we will refund an amount of

the Contract charge according to the pro rata method reflecting the greater of the days in force or the miles driven based on the terms of the plan selected and the date Coverage begins.

F. Payment

All refunds will be made directly to the Dealer/Lessor, the person authorized by the Dealer/Lessor, or, if the Vehicle Service Contract was financed along with the vehicle, the Lienholder shown on the Declarations Page of the Vehicle Service Contract.

G. Calculation

Only your Preferred Administrators' Customer Support Representative can calculate amounts due on Vehicle Service Contract cancellations. Please call Preferred Administrators at **(877) 565-0816** for all calculations. Be prepared to provide the following Contract information: Contract Number, Contract Holder's Name, Effective Date, Effective Mileage, Term – Time/Mileage, Date of Cancellation, Mileage at Cancellation, Reason for Cancellation, and Your Dealer Account Number.

The total refund amount, less the cancellation fee, will be quoted to you by your Customer Support Representative.

H. Reporting

Upon receipt of confirmation of the cancellation (original Vehicle Service Contract, letter from Contract Holder, letter from Dealer/Lessor, etc.), the refund will be confirmed and a check will be issued to you.

**DO NOT CALCULATE ANY CANCELLATION
WITHOUT ASSISTANCE FROM PREFERRED ADMINISTRATORS**

**DO NOT DEDUCT CANCELLATIONS
FROM REMITTANCES FOR NEW CONTRACT SALES**

IX. CLAIMS

The Vehicle Service Contract program utilizes a claim reporting and payment system that is spelled out in each and every Vehicle Service Contract. To process a claim, simply refer to the Contract to find complete instructions for the Contract Holder and for the Repair Facility.

Viability of the Preferred Protection Plan Program is in the best interest of all parties (Dealership, Contract Holder and Preferred Administrators). Preferred Administrators has developed loss control procedures designed to maintain this viability.

The aspects of the Claims System that apply to a Dealership are outlined in this section of the Procedure Manual.

All claims MUST be called in to Preferred Administrators prior to beginning/initiating any repair to the vehicle. The maximum that will be paid for any claim will be the amount approved by Preferred Administrators prior to the beginning/initiating of the work.

No claims can be adjudicated until Preferred Administrators has received a copy of the completed Contract, and the Dealer Cost has been paid in full.

In the case where a claim occurs prior to the receipt of any given Contract and payment thereof, Preferred Administrators will initiate a claim upon receipt of a faxed copy of the applicable Contract (at the sole discretion of Preferred Administrators). The claim will be adjusted, however, the reimbursement will not be processed unless and until the Contract is submitted, paid in full and accepted by Preferred Administrators.

A. Coverage Verification

At the time a Service Contract Holder comes to your Dealership to report a mechanical/electrical problem that may be covered under the terms of the Vehicle Service Contract, follow these procedures:

1. Secure a copy of the Contract Holder's Vehicle Service Contract and note the Contract Number (located at the top, right-hand side of the Contract Declarations Page), or the Contract Holder's complete Name and Address and the Name of the Selling Dealer/Lessor.
2. Verify time and mileage limits to ensure that the Vehicle Service Contract is still in force, and that the vehicle in for repairs is the one covered by the Contract. If the Contract has expired, please advise the Contract Holder accordingly.
3. Confirm that the required maintenance has been performed by reviewing the maintenance records or receipts provided by the Contract Holder.
4. Advise the Contract Holder that your collection of the above data and evaluation of the cause of mechanical/electrical failure does not necessarily mean the claim will be paid/covered by the Vehicle Service Contract. Such determinations are made by qualified, trained Claims Adjusters at Preferred Administrators.
5. Remember, if the Contract Holder's Contract indicates he chose the Disappearing Deductible Option, the deductible is reduced to zero dollars (\$0) IF THE CONTRACT HOLDER HAS THE REPAIRS DONE AT THE DEALERSHIP FROM WHICH THE CONTRACT HOLDER PURCHASED THE SERVICE CONTRACT.

B. Reporting

Upon verifying that the Vehicle Service Contract is in effect and the failed component is covered:

1. Assess the cause, the correction, and the cost of the repair.
2. Call Preferred Administrators at **877-565-0825** to initiate a new claim prior to the start of repairs. **See Section E for optional claims submission.**
3. Report the Contract Holder's Contract Number, last six numbers of the vehicle identification number, complete Name and Address and/or the name of Selling Dealer/Lessor, **PLUS the cause, correction, and cost of the repair.** The approved cost is the maximum Preferred Administrators will pay on the claim when submitted; any changes in repair amounts must receive additional approval.
4. Claims must be reported to Preferred Administrators within 5 days from the time the Contract Holder advised the dealership of a mechanical/electrical failure.
5. Upon Completion of repairs, the dealer is to unconditionally guarantee repairs against defects in workmanship and materials, under normal use, for a minimum of 12 months or 12,000 miles.

The Preferred Administrators Claims Adjuster will verify coverage and either:

- a. Approve the claim, issuing an Approval Number (which must be entered on all copies of the Repair Order); or,
- b. Request further evaluation: tear-down (see note below) or outside inspection; or
- c. Deny the claim and issue a Denial Number.

Note: Tear down Policy – Preferred Administrators may request that a component be torn down before issuing an Approval Number. The Contract Holder must approve tear down and be advised that, if after the component is disassembled and it is determined that the cause of failure is not covered, the Contract Holder must pay the expense of the tear down.

C. Vehicle Inspection

Preferred Administrators reserves the right to inspect any vehicle at the time of breakdown. Any repairs that are completed without allowing Preferred Administrators an opportunity to inspect will not be covered.

Should Preferred Administrators request an outside inspection:

1. Immediately stop any repairs being performed. (Do not complete the repairs.) Should further tear down be

necessary, discuss it with your Preferred Administrators Adjuster, and obtain authorization from the Contract Holder to perform enough tear down to verify all failed parts.

2. Save all components that need to be inspected, including fluids and filters.
3. Preferred Administrators will make arrangements for the inspection.
4. If the inspector does not visit within 48 hours, call your Preferred Administrators Inspection Coordinator.
5. Upon completion of the inspection, the Preferred Administrators Claims Adjuster will issue a final disposition.

Parts – If Dealer supplied parts exceed the MSRP or exceed the like, kind and quality provision of the Vehicle Service Contract and the Contract Holder chooses not to participate in the difference of cost, then Preferred Administrators reserves the right to assist the Dealer in supplying the covered part(s) to complete the repair.

D. Submitting the Claim

For claims having an Approval Number with a repair cost agreed upon between you and Preferred Administrators:

1. Write the Approval Number, Vehicle Service Contract Number, Vehicle Identification Number and Approved Amount on a legible copy of the Repair Order/Service Invoice signed by the Contract Holder. Payment cannot be processed if the Approval Number and Contract Number are not listed and/or Repair Order/Service Invoice cannot be read.
2. Attach copies of all applicable sublet bills to your Repair Order/Service Invoice.
3. Send a copy of any Maintenance receipts, if requested.
4. Collect the applicable Deductible(s) (if any), shown on the Declarations Page from the Contract Holder.
5. Approved claims must be submitted within 30 days from completion of repairs to receive payment.
6. Submit the signed original copy of the Repair Order/Service Invoice to:

**Preferred Administrators
P.O. Box 26830
Austin, Texas 78755
(877) 565-0825**

E. Optional Claims Reporting Procedures

1. If your Dealership is equipped with a fax machine, you may submit claim information via the fax. Preferred Administrators can supply you with the necessary documents and instructions.

F. Claim Payment

Preferred Administrators will remit payment upon receipt of your Repair Order/Service Invoice, sublet bills (if any) and any other required documentation. Upon receipt of these items, claim payment will be made as follows:

1. Your approved labor rate as allowed for the repair in an approved repair manual [AllData, Chilton, (Nichols Chilton is not the same as Chilton and is not an approved repair manual) Mitchell, Motors or Factory], and manufacturer's suggested list price for parts (except as noted section C.) will be paid. Grid labor and parts matrix pricing are not acceptable.

2. Request for change in your labor rate should be made in writing on dealership letterhead and faxed to Preferred Administrators at 512-637-3827. Approval will be based on market conditions in your service area and subject to review of your loss experience. Loss experience in excess of 100% is subject to Rehabilitation as outlined in the Risk Management Guidelines and Procedures. Approval can not be made retroactively on claims already authorized.
3. **Sublet work** may be reimbursed at actual cost plus 10%, not to exceed \$300 (except for towing and rental, or a complete sublet of the vehicle, which will be paid at dealer cost). A copy of the sublet bill must be submitted with the claim.
Preferred Administrators reserves the right to assist the Dealer in supplying parts when the price of a part available through the Dealer is in excess of reasonable costs and/or to provide parts of like kind or quality. In the event Preferred Administrators supplies parts, a maximum mark up of 10%, not to exceed \$300 may be applied (to the parts supplied by Preferred Administrators) and will be paid to the Repair Facility.

NOTE: Preferred Administrators will limit its assistance to the following assemblies: Engines, Transmissions, Drive Axle, Transfer Case, Steering Racks/Gear Boxes, A/C Compressors and Turbochargers/Superchargers.
4. **Car Rental** will be paid at the rate of one (1) day's rental (in accordance with the amount shown in the Vehicle Service Contract) for each 8 hours, or portion thereof, of shop time required to complete the repairs. Shop time is the time listed in one of the aforementioned national repair manuals used by the Dealer. (A separate Rental Contract from a **licensed** rental facility, signed by the Contract Holder, must be submitted.)
Note: Major Component Parts Delay – If Rental Benefits apply, three (3) days, not to exceed ninety dollars (\$90), parts delay coverage will be allowed upon proof of delay for the replacement of major component – Engine, Transmission, Drive Axle.
Inspection Delay – Two (2) days Rental Reimbursement, not to exceed sixty dollars (\$60), is available for inspection (if repair is covered by Contract) and rental benefit included in the Contract Coverage.
5. **Towing** charges, if any, will be paid in accordance with the amount shown in the 24-Hour Roadside Assistance Benefits section of the Vehicle Service Contract, per occurrence. Please refer to the section marked **INSTRUCTIONS FOR FILING A CLAIM FOR THE 24-HOUR ROADSIDE ASSISTANCE BENEFITS** for more details.

G. Method of Payment

Preferred Administrators will mail the insurance company's claim payment check directly to the Dealership/Repair Facility.

In the event that repairs are made away from the Selling Dealership by a facility that will not accept reimbursement by mail from Preferred Administrators, payment will be made by a corporate credit card, with approval from Preferred Administrators, and, upon receipt of the Repair Order by the Administrator.

X. INSTALLMENT PAYMENT PLAN

A. Plan Term Eligibility

All plan terms are eligible except for all 12 month / 12,000 mile terms.

B. Procedures

If you have the opportunity to use the Installment Payment Plan, the following outline describes the procedure necessary to initiate the Payment Plan and what will happen, step-by-step, once the Contract Holder agrees to purchase a Vehicle Service Contract on the Installment Payment Plan:

1. You must indicate on the Vehicle Service Contract Declarations Page that the Contract is to be paid in installments by ACH or Credit Card.
2. Have the Contract Holder complete an "Authorization Contract for Pre-Authorized Payments To" form and remit with the Declarations Page.
3. Then follow the standard procedures outlined in this manual for issuing the Vehicle Service Contract to your Contract Holder and reporting the sale to Preferred Administrators.
4. Collect the Down Payment (\$99) and show the amount collected in the Down Payment Section. The balance is paid in 12 equal installments.
5. You retain the Down Payment.
6. Upon receipt of Vehicle Service Contract Declarations Pages marked for the Installment Payment Plan, and the \$75 non-refundable handling charge, Preferred Administrators will process them as follows:
 - a. Will add Installment Payment Vehicle Service Contract to your monthly Statement showing at no Cost, and also will account to you on a separate statement.
 - b. Upon receipt of the second payment from the Contract Holder, Preferred Administrators will release the balance of your front-end profit, less the Net Cost.

In the event that the Contract is cancelled before the first payment is made by the Contract Holder, a \$25 cancellation fee will be assessed for handling charges.

C. Claims Handling on Installment Plans

All Vehicle Service Contracts issued on the Installment Plan must be current in payments before a claim can be authorized or paid for.