

### Looking good is F&I opportunity

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As owners hold onto their cars and trucks longer, many want to keep those vehicles looking good. That desire gives auto dealership finance and insurance departments and their suppliers an opportunity to profit from selling appearance protection plans.

The plans cover repair costs for such things as small dents and dings, faded paint, upholstery rips and stains, and minor tire and rim damage. Retail costs of the plans often include a substantial markup for dealers.

"We haven't had a better year," says Lindsey Bird, vice president of finance and insurance at Dent Wizard International, a division of Manheim.

Dent Wizard's Assurance Vehicle Appearance Protection coverage comes in three-, four- and five-year plans that sell at retail for \$900 to \$1,500. Dealers pay \$300 to \$500 for the product, Bird says.

This year, Bird says, Dent Wizard expects to sell more than 21,000 appearance protection plans. More than 300 U.S. dealerships sell the coverage, including most stores owned by AutoNation Inc.

#### Cover story

Among the repair items typically covered by an appearance protection plan

- Small dents and dings
- Paint defects caused by acid rain or bird droppings
- Upholstery tears, stains
- Minor tire, wheel and rim damage from road hazards

#### Moving down

Until recently, vendors say, buyers of appearance protection plans tended to own luxury cars. Now, they say, owners of vehicles that cost as little as \$30,000 form a growing market for the plans.

"We've definitely seen more of our product in midrange cars," Bird says.

CertifiedPLUS Inc., of Austin, Texas, also is having a good year, said Corey Castner, the company's national sales manager. In the third quarter of this year, CertifiedPLUS' sales of appearance protection plans were up 8 percent from the year-ago quarter, he said. Castner declined to disclose the product's sales volume.

Castner said 688 franchised dealerships offer CertifiedPLUS coverage. The company offers three-, four- and five-year plans that cost \$595 to \$795 at retail. Castner would not say what dealers pay for the plans.

"Our product is for everyday nicks and scratches," Castner told *Automotive News*. "We cover between doing absolutely nothing to your car and taking it to the body shop."

Dent Wizard and CertifiedPLUS offer their appearance protection plans as point-of-sale items on dealership F&I menus. Customers also can buy CertifiedPLUS plans through dealership service departments.

Both companies' plans cover new and used vehicles. Neither company imposes a mileage limit.

#### 'Thrilled' to sell

Soave Automotive Group, of Kansas City, Mo., sells CertifiedPLUS coverage to about 40 percent of its new-vehicle buyers, says Ami Gully, the group's finance director. Soave Automotive operates four dealerships.

"I was thrilled when we got it, and so were the clients," Gully says. "It increased the bottom line of the F&I department, and it was something the customers could use. I tell them it's protecting your investment and increasing your trade-in value."

Nicole Schomer, aftermarket manager at Rosen Honda in suburban Chicago, estimates that 40 percent of her customers buy Assurance Vehicle Appearance Protection coverage.

Dent Wizard's Bird says F&I managers are promoting sales of appearance protection plans. Says Bird: "There's pressure in the F&I department to contribute more to the profitability of the dealer."