

# DEALER PRINCIPAL

## Profit participation: Finding the right fit



Up close with  
Jason Meador

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Build a stronger workforce  
through mentorship

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CARS Rule: Prepare for  
potential new regulation

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Create new opportunities  
with Direct Marketing

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Helping Eden Village  
house the homeless  
in Kansas City



# From the desk of Jason Meador

Dear Leader,

It has been a busy, but highly gratifying few months since I became Head of Direct Markets for Zurich North America in February. It's invigorating to work with this dedicated and forward-thinking team as we strive to help dealers succeed in this exciting, rapidly evolving industry.

As this is the first issue of Dealer Principal since I assumed my new role, we thought a bit of an introduction was in order, so we've included a personal profile and brief summary of my career.

Also in this issue, we look at a pending potential regulation we know is of great concern to dealers: the CARS Rule (aka Vehicle Shopping Rule). Our article provides an overview of the regulation, the challenges to it, and argues for preparing for implementation even as it remains in question.

Other features look at the value mentorship can bring to dealerships, how to select the best profit participation program for your business, the benefits of our Direct Marketing program (one of the Zurich Advantage income-generation opportunities), and updates to our Powersports suite of vehicle protection products. We also share a brief Zurich Classic recap and information on Eden Village, Kansas City — one of many community investment projects we support.

Thanks for reading, and please let us know about any topics you'd like to see covered in future issues of Dealer Principal.

Sincerely,



**Jason Meador**  
Head of Direct Markets  
Zurich North America



# Table of contents

The CARS Rule: Preparing for FTC's pending regulation

---

Our People: Meet Jason Meador

---

Community investment: Eden Village

---

How mentorship can benefit your dealership

---

Profit participation: Finding the right fit

---

Seize VSC opportunities with Direct Marketing

---

Zurich Classic recap

---

Revvng up our Powersports solutions

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## The CARS Rule

# Why dealers need to prepare for regulation still in limbo

Uncertainty is never a comfortable state of mind for dealerships, especially when it comes to regulatory compliance. Zurich wants to help dealers address some of the considerable uncertainty surrounding the Federal Trade Commission's looming [CARS Rule](#) (also known as the Vehicle Shopping Rule), particularly in the event the regulation goes into effect.

Indeed, if and when the rule will actually go into effect remains the biggest question right now. An initial implementation date of July 30 was postponed following a legal challenge by the National Automobile Dealers Association (NADA) and the Texas Automobile Dealers Association. Also clouding clarity is some of the wording the FTC uses in the rule.

First proposed in 2022, the CARS Rule aims to crack down on dishonest practices by some dealerships; CARS here being an acronym for Combating Auto Retail Scams.

The FTC's "Dealers Guide" on the rule highlights four key purposes:<sup>1</sup>

1. Prohibiting misrepresentation that would affect a consumer's buying or leasing choices. This includes dealer statements on pricing, financing and add-on products or services.
2. Requiring clear disclosure of the offering price of a vehicle, only excluding government-required charges (taxes, license and registration costs, inspection or certification fees).
3. Illegalizing any charge for add-ons that don't provide a benefit to the consumer.
4. Requiring express informed consent before a consumer is charged for anything.

On the surface, all those goals may seem sound, aimed at protecting car buyers from bait-and-switch advertising, deceptive information, hidden fees and expenditures that give little value in return. However, many in the automotive industry see the rule as a major overreach by the FTC, making the sales process lengthier and more cumbersome for consumers, as well as dealers. Redundancy is another complaint, as many in the industry point to existing laws addressing fraud and misrepresentation, such as those covered under sections of the [Dodd-Frank Wall Street Reform and Consumer Protection Act](#) prohibiting unfair, deceptive or abusive acts or practices (UDAAP), or the [Gramm-Leach-Bliley Act \(GLBA\)](#).

In advocating for the interests of our customers, Zurich leverages its collaboration with NADA and other industry groups. That includes our membership in the American Property Casualty Insurance Association (APCIA), which has filed an amicus brief in support of NADA's challenge.



NADA offered its own succinct summary of industry objections to the rule in a statement President and CEO Mike Stanton released after the organization filed its legal challenge: "The FTC's Vehicle Shopping Rule is simply terrible for consumers. NADA is challenging the FTC in court to stop this rule because it will add massive amounts of time, complexity, paperwork and cost to car buying and car shopping for tens of millions of Americans every year."<sup>2</sup>

At the time of this publication, the date when the CARS Rule litigation could be settled was unclear, though some industry observers think late August or early September is a strong possibility.

Despite the uncertainty around the implementation date, dealers need to begin preparing for its possible enforcement. As David Mork, Assistant Vice President, Federal Affairs for Zurich North America wrote in a Zurich "Auto Dealer Policy Update" published in March, "If the rule comes into effect, dealers will face potentially dramatic changes in sales practices, disclosures, training needs and recordkeeping."

Speaking with Dealer Principal, Mork further explained, "If the litigation does not go favorably from a dealer perspective, the FTC could say, 'You have 60, maybe 90 days to be compliant,' and I think that could be too late then [for dealers to be ready in time for implementation], because of the level of process change and training that will be required of dealers and their staffs."

Beyond what can be time-consuming training, that process change may include needed updates to websites, IT systems, pricing disclosure documents, advertising/marketing materials and recordkeeping methods. (The CARS Rule requires dealers to create and retain 24 months of records to show compliance.)



When something stands as a "maybe" instead of a "here and now" proposition, it's often human nature to wait and see how things play out.

"My hunch is that people might be a little complacent about taking action while the litigation is ongoing," Mork said.

But not being up to speed on the rule could be extremely costly, with potential fines of \$50,000 or more per violation.

"You should be familiar with the rule before it gets to a point where you need to 'pull an all-nighter for your final,' rather than planning ahead to be in compliance," Mork emphasized.

One of the more elusive sections of the CARS Rule is the requirement that dealers obtain consumers' "express, informed consent before charging them for anything." While the text of the rule is very clear on what does *not* satisfy that requirement, it is not specific on what does qualify as express, informed consent.

"NADA and others are trying to figure out default best practices dealers should have," Mork said. "Does this mean you have to record every conversation, or ensure everything is in writing?" He also noted, "The rule makes a point that disclosures and consents have to be in the same medium, so you can't have an oral disclosure and a written consent."

That could be an impediment to sales staff who are not only working to finalize the purchase, but also trying to create a quality customer experience, where the prospective buyer is not subjected to an overly long process with seemingly redundant paperwork.

Along with doing what's needed to be ready for fast action if enforcement of the CARS Rule begins, Mork said dealers should not take their eyes off other potential regulations that could also be on the horizon. In particular, he pointed to a ["junk fees" rule](#) the FTC proposed last October. While not specific to auto dealers, the "junk fees" rule has similar requirements for disclosure and prohibition of misleading fees.

"There's an explicit contemplation of interaction between the two regulations," Mork explained. "So, if there is no CARS Rule, then you might assume the junk fees rule would apply to dealers."

At the 2024 NADA Show, James Ganther, Esq., CEO of Mosaic Compliance Services, addressed how the CARS Rule has put a renewed focus on potential impacts of regulation. "I think the CARS Rule shook dealers up to what their potential exposures might be," Ganther said. "Dealers still want to know 'What does this mean?' and 'Is it going to come back?' So, there's been a heightened level of awareness about compliance issues."<sup>3</sup>

The complexity and confusion surrounding regulation can be a pain point for dealers, which is why Zurich works with Mosaic Compliance Services to offer customers compliance training and education through our [Zurich University](#) online training platform.

1. Federal Trade Commission. "FTC CARS Rule: Combating Auto Retail Scams – A Dealers Guide." December 2023; updated 24 January 2024.
2. Collegio, Jonathan. "NADA Files Federal Court Challenge to Stop FTC's Vehicle Shopping Rule." National Automobile Dealers Association. 4 January 2024.
3. "The CARS Rule May Be Paused, But Compliance Concerns Are Here to Stay." Mosaic Compliance Services' YouTube channel. 19 February 2024.

## Other legislative and regulatory news making headlines

- In February, a pair of subcommittees in the U.S. House of Representatives held hearings on issues related to fire threats posed by electric vehicles (EVs). Topics included evolving EV battery technology, challenges of fire suppression, and safety standards for batteries used in electric bicycles, scooters and other micromobility devices.
- The Consumer Financial Protection Bureau (CFPB) is proposing annual data collection from roughly 4,000 auto finance companies that fall into two categories: those that originate more than 20,000 auto loans per year and those that originate between 500 and 20,000 auto loans per year.

## Our People

# Meet Jason Meador



Getting a taste of leadership at a young age can sometimes help forge a future career path. That seems to have been the case for Jason Meador who became Head of Direct Markets for Zurich North America this past February.

Growing up in the small, rural farming community of Lanark, Illinois, Meador spent many of his summer days working for his father, who owned a small concrete construction company. At just 14 and 15 years old, he was pouring concrete and taking on other needed duties.

“Before I had even turned 16, I was on a small job site and it was me and one other employee who was right around 30 years old,” Meador recalled. “And my father decided to leave me in charge instead of him. So, I’m like a foreman at 15 years old, making decisions, which gives you a pretty good experience and slightly different perspective at that age. And obviously working in that type of environment, the value of hard work really matters. So that was a formative experience for me.”

Still, Meador realized early that he did not see his future in the family business. He served as a Lieutenant in the U.S. Navy, working as an engineer at the Headquarters for the Naval Nuclear Propulsion Program (a.k.a. Naval Reactors), before transitioning to The Boston Consulting Group. He joined Zurich in 2013 as a Strategic Business Partner, becoming Head of Strategic Execution less than three years later. Other key leadership positions followed, including Chief Operating Officer for Alternative Markets, Head of Group Captives and, most recently, Head of RCIS, Zurich North America’s crop insurance business.

Meador said adapting to different roles in his decade-plus with Zurich has been a big asset.

“It’s provided me with the agility to come into a new business unit and quickly understand the needs of that business and then make appropriate decisions,” he said.

Fortunately, his agility came paired with experience. Meador said his tenure as COO for Alternative Markets, “gave me specific knowledge of how this business works, so I wasn’t coming into this position at ground zero. I worked very closely with Direct Markets then, reviewing our business plan and being involved with the major initiatives that the organization worked on to help make our customers more successful.”

While that background allowed Meador to move into Direct Markets leadership without too many surprises, he admits he was a little stunned by one early experience on the job: attending [NADA Show 2024](#).

“There’s nothing like being given a new role and, literally the day you start in that role, flying to Las Vegas for the biggest industry conference of the year,” he said with a smile. “I was struck by the sheer size of it, both in terms of the number of people and the breadth of types of businesses. I knew it was big, but I didn’t fully appreciate how big it was until I got there. It’s unbelievable.”



Despite the overwhelming magnitude of the NADA Show, Meador found real value in attending and getting to meet many customers and hear what’s on their minds.

“Conversations with our customers help me better understand their business, where they see F&I fitting into their business today and going forward, and how Zurich can help achieve those goals.”

What has impressed and energized Meador most in his early days on the job is seeing the strength of his new team in action on a day-to-day basis.

“I’m invigorated by the passion and dedication the Direct Markets team has in terms of always thinking about our customers and how to deliver for them — staying on top of the challenges for dealers and how to address those challenges as quickly as we can,” he explained. “And that dedication is really felt by our customers. In conversations I’ve had, dealers typically highlight the Zurich people in their local region and how great they are to work with. That reinforces what I am seeing so far with the team.”

With that confidence in his people, Meador is also optimistic about where Direct Markets is headed.

“It’s a really great business where Zurich has a very strong position in the market and a strong brand, and I see a whole lot of opportunity to continue to grow the business,” he noted. “We see a continued focus on F&I growth, so we look for ways to help our customers maximize revenue opportunities. We also want to help dealerships when they acquire additional stores. And of course, we’re looking to find new dealerships that can benefit from Zurich’s products and services.”

While he’s not an “all work and no play” kind of guy, Meador says his method for a good work/life balance is simply to not be rigid about it.

“I don’t really set hard boundaries between my personal life and my professional life. They blend. Now, if I need to do something in my personal life, I go do it. I don’t neglect the importance of that. But if it happens to be Sunday afternoon and I’m doing something for my job...well, then it’s Sunday afternoon and I’m doing something for my job. I don’t stress over separating aspects of my life, which probably makes it easier to manage than if I did try to have a hard boundary. It works for me.”

Meador, who is married with two kids, noted the balance is even more manageable now that his children are college-aged and very busy with their own lives. He joked that time with his kids these days often requires an incentive.

“My son spent time with us the other night at the Capital Grille because he got a free steak,” he said with a laugh.

For Meador, unwinding outside work often means being on the golf course, though he doesn’t grade his own performance on the links highly.

“It’s not good. The ball will fly a long way, but it takes a long time to get into the hole. The first 500 yards isn’t too bad; it’s the last 25 that’s brutal.”

The [Zurich Classic](#) was approaching at the time of our interview, and Meador proudly confessed to being a “homer” in rooting for Zurich’s Golf Ambassadors (Billy Horschel, Collin Morikawa and Sahith Theegala).

Both on the job and in the community, Meador is a strong advocate for [veterans in the workplace](#). He is the Executive Sponsor of VETZ, Zurich North America’s employee resource group for military veterans, and he takes pride in the company being an employer of choice for those who served.

“Zurich is open and welcoming to veterans, just like we are open and welcoming to all kinds of different people who come in and become part of the Zurich family,” Meador said.

# Eden Village continues its mission to house the homeless

## Zurich volunteer and fundraising efforts help support Kansas City development



Globally and locally, Zurich has made supporting and investing in the communities where we live and work a high priority. Ultimately, the actions we take and funding we contribute go to work where they are most needed, whether that's [expanding recycling efforts](#) at The Zurich Classic in New Orleans or helping to restore a [rainforest in Brazil](#).

[Eden Village](#) of Kansas City, Kansas is another community investment project we support. Eden Village is a non-profit, volunteer-based charitable organization that develops communities of tiny homes to provide permanent residences and support services for the homeless. The organization's motto is "Imagine a city where no one sleeps outside." The Kansas City development follows successful projects in Springfield, Missouri and Wilmington, North Carolina.

Zurich first got involved with Eden Village as part of Direct Markets' [centennial celebration](#) in 2022. Cindy O'Dower, F&I Product Distribution Consultant for Direct Markets, and her husband Kevin (a Senior Actuarial Support Analyst at Zurich) are active volunteers and board members for the organization and were able to share their knowledge of Eden Village. After seeing the life-changing effects of the Springfield, Missouri development, the O'Dowers were eager to help the Kansas City team and spread word about the project to their co-workers.

An employee/corporate donation campaign, "Zurich Direct Markets 100th Anniversary: 100 Acts of Caring," included sponsoring the building of a home for a future resident of the Kansas City development. The building of the house was fully funded, and additional money was raised to furnish the home, decorate it, and stock it with kitchen and bathroom supplies.

Fundraising for Eden Village continued with Zurich-sponsored pickleball tournaments for employees and charity auctions in 2022 and 2023. All proceeds from the tournaments and the auctions went directly to the housing project.

Recently, new residents of Eden Village Kansas City — including the Zurich-sponsored home — began a new chapter in their lives with the proper shelter and supportive community they need. Zurich applauds the work of the Eden Village organization and the countless volunteers who have helped make this happen. We are delighted to have been involved with their efforts.

The Kansas City, Kansas location is especially meaningful to Zurich, as our Direct Markets organization began just minutes away in neighboring Kansas City, Missouri in 1922. Our Overland Park, Kansas offices are also nearby.

Eden Village is quickly expanding throughout the country, with communities at various stages of planning and development in Excelsior Springs, Missouri; Harrisburg, Pennsylvania; Louisville, Kentucky; Mountain Home, Arkansas; Phoenix, Arizona; Richmond, Virginia; San Marcos, Texas; and Tulsa, Oklahoma, in addition to the three locations mentioned earlier. Individuals and businesses near and outside of these areas can help Eden Village's vital mission to help the chronically homeless secure safe, secure housing and a better way of life.

[Learn more about Eden Village.](#)



Board of Directors members at Eden Village, Kansas City, KS









# Mentorship: The personal path to building a better workforce

Mentorship programs can benefit dealerships, but a few guidelines can help avoid pitfalls.

Anyone successful in any line of business can point to at least one person (and more likely several) who helped guide them in the early stages of their career and ride out the rocky moments: a mentor. Mentorship can be powerful. After all, who doesn't benefit by learning from someone with experience and knowledge?

A Forbes article published last fall listed some key benefits of mentorship:<sup>1</sup>

-  **Boosting employee engagement and productivity.**
-  **Improving employee retention.**
-  **Building a culture of collaboration and sharing knowledge.**
-  **Developing high-performing employees and a leadership pipeline.**
-  **Building a healthy work environment.**
-  **Increasing company profitability.**

Backing up the last point above is a recent study showing that the median profits for Fortune 500 companies with mentoring programs were more than twice as high as those without such programs.<sup>2</sup>

Yet, many mentorship programs within businesses fail or yield minimal results at best. So, what makes a mentorship program successful? There's no single set of answers to that question, but Zurich's Direct Markets team has benefitted from the development and growth of its F.A.S.T. mentorship program (see sidebar) and some of the basic tenets of the program are universal and can certainly be applied to a dealership's business operations.

Mandatory participation may be one strike against a budding mentorship program. Buffy Graham, Senior Organizational Strategist with Direct Markets, who is the F.A.S.T. Coordinator, noted that Zurich's program is entirely voluntary and not overly regimented. There is a committee approach to pairings, considering the goals of prospective mentors and associates (or mentees). And, perhaps most importantly, the program is never used in job evaluations.

"No one is giving information for performance reviews," explained Graham. "We want a trusting relationship for constructive career development."

While mentors can be managers or supervisors, often the best are not tasked with training or managing the "newbie." They are simply veteran colleagues who take an interest in seeing a fellow professional reach the full capacity of their abilities.

As Zurich North America CEO Kristof Terryn put it during a leadership panel discussion on mentorship, "Getting advice from somebody who is not your direct boss, but somebody who can actually look at your career and sometimes push you in a direction that you may not immediately see ... that is a really good investment in terms of how you build out your own skills set."

A productive mentorship program also focuses on the day-to-day duties of employees. It provides practical and detailed guidance.

"Successful mentors are there when needed to offer advice on different situations we experience in the field," said Rob Reddish, National Account Executive and a current Co-Chair of Zurich's F.A.S.T. program. Reddish remembered how that kind of advice led to an early career highlight for him.

"One of these conversations helped me overcome an objection before a proposal that helped me acquire a \$300,000 account. Hearing that different point of view comes in handy all the time."

Mentorship in a successful program is not a one-way street, either. Graham said in a successful program, "The mentors get as much out of the relationship as the associates. They learn as well. And a lot of them become lifelong friends."

That dual-value relationship can be a powerful, personal way to build a strong business team, as any good team ultimately depends on the performance of each individual.

"The only thing that separates our company from our competition is our people," said Richard J. Garber, President of Garber Automotive Group, during a guest speaker appearance at an event for Zurich's F.A.S.T. program. "In order for us to win, we have to have the best people."

Garber added that while good mentorship is always amicable, it needs to be deeper than just an affirmative pat on the back.

"I think the key to mentoring, the key to developing people is honesty," he said. "Be honest with them about what your true assessment of their talent is. It can't be all negative, but don't sugarcoat things."

In an era when workers are more selective than ever about where they work, mentorship can make a real difference in attracting and retaining the best and the brightest.

"Dealerships, like any business, want to keep their talented employees," said Phil Rosu, Head of Sales for Direct Markets, who has also been involved with F.A.S.T. during his time with Zurich. "To that end, I think any dealer — and especially large dealership groups — should seriously consider having a mentorship program led by someone who's passionate about its potential. If mentorship can help make employees better at their jobs faster and then, because of the success they enjoy, encourage them to stay with your team, what's the downside?"

1. Reeves, Matthew. "6 Benefits Of Mentoring In The 2023 Workplace." Forbes. 6 October 2023.
2. Cook, Sam. "40+ Definitive Mentorship Statistics and Research for 2024." MentorcliQ. 2 February 2024.



**F.A.S.T.**  
Field Accelerated  
Success Track

## Taking the F.A.S.T. lane to excellence

Zurich's mentorship program benefits participants and the dealers they work with.

Founded in 2012, F.A.S.T. (Field Accelerated Success Track) was developed to promote a culture of excellence in Direct Markets. The program's mission statement is "To foster a culture of connection, communication and collaboration," and ultimately that leads to stronger professionals in the field working with our customers.

F.A.S.T. was launched recognizing that it can take a lot of experience for employees in sales roles to become proficient, but that by partnering newer team members with veteran, successful sales professionals, they could reach their potential sooner.

F.A.S.T. started modestly but over the years has proven to be a game-changer for Zurich. Since it launched more than 12 years ago, the program has seen participation and enthusiasm grow, marking 354 mentor/associate pairings and 731 years of combined tenure among participants. Dozens of F.A.S.T. associates have achieved promotions.

While F.A.S.T. is a huge asset in internal career growth at Zurich, Rob Reddish emphasized the value flows out to customer relationships.

"What we learn internally will innately make it to our customers," he said. "And corporate culture does come up as customers consider us as a business partner, and to be able to share how Zurich and the F.A.S.T. members can give back is always very well received."

Reddish's fellow F.A.S.T. Co-Chair, Regional Finance Executive Tony DiGregory, spoke about the benefits he has seen during his involvement with the program.

"Everyone wants to be there, wants you to be successful, wants to provide you with all the assistance they can to aid in your success. F.A.S.T. is the gift that keeps on giving."

And ultimately that gift also benefits the dealers we work with.



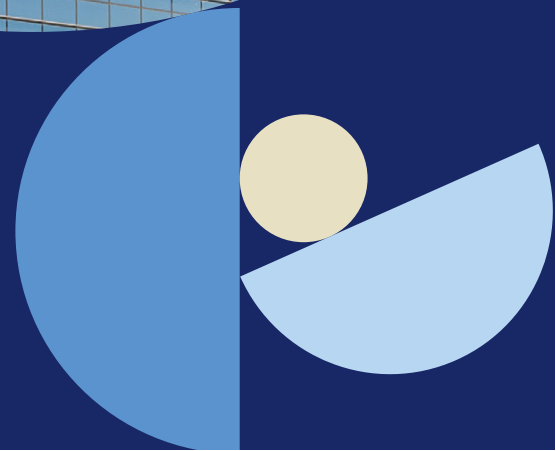
# Where F&I Excellence Boosts Dealership Success

As a leading provider of F&I products and services with over 100 years of proven results, we are passionate about supporting the growth and success of many of the nation's largest dealership groups. Discover how Zurich's dedicated automotive specialists provide the training and solutions that empower dealerships to build sustainable revenue while delivering an unparalleled customer experience.

**For more information visit  
[zurichna.com/dealer](https://zurichna.com/dealer)**



Universal Underwriters Service Corporation (UUSC), an individual member company of Zurich in North America, is the issuing provider and administrator of Zurich's vehicle service contracts in all states except Florida. In California and New York, UUSC operates under its DBA, UUSC Service Company (CA License #0C17302). In Florida, the issuing provider and administrator is Vehicle Dealer Solutions (FL License #60132).





# Profit participation Finding the right fit for your dealership

F&I profit participation programs have evolved since they first started to become common among auto dealerships in the 1970s. Today, with options to benefit all types of dealers, these programs are more valuable than ever in helping increase revenue. With the right portfolio, properly managed, profit participation can be a key income generator that helps your business more easily navigate the ups and downs of sales and repair/service streams.

However, while the vast majority of dealers today are in some kind of profit participation program, misunderstandings of the different program structures can result in some businesses not taking full advantage of the best choice to maximize their potential benefits.

Recognizing that no two businesses are exactly alike, Zurich offers several profit participation structures and we work with our customers to find the right fit for their unique needs. The process starts by asking some key questions, including:

- Where does your dealership stand in terms of cash flow versus long-term wealth-building, now and in the foreseeable future?
- Is this business more focused on growth or stability?
- What level of tax risk is appropriate or comfortable for you and your business?
- What is best for your business in terms of domestic versus foreign investment?

“Our approach is a consultative approach,” explained Sam Reid, National Profit Solutions Manager, Direct Markets at Zurich North America. “We give the dealer all the facts, all the details, and they make the decision that’s best for their business.”



## Producer-Affiliated Reinsurance Company (PARC)

While there is no “one size fits all” answer for profit participation, there may be a “one size fits most” option: a Producer-Affiliated Reinsurance Company (PARC), also called a Controlled Foreign Corporation (CFC).

“The vast majority of dealerships qualify for the PARC structure. It provides dealers with a lot of flexibility,” Reid said. “It’s easy to set up. It has the minimal amount of tax risk associated with it, as it files an annual corporate tax return to the IRS. Overall, the flexibility can benefit the dealer in a number of ways. The dealer can access funds for loans with the surplus or profit that develops from that program. Dividends, declared at the request of the shareholders, typically get favorable tax treatment on a capital gains basis. Additionally, assets in trust are invested monthly, which can give the dealer investment income from the time it is ceded into the company until the time claims or dividend distributions occur.”

Zurich customers have a choice of investment portfolio options: 100% bonds, 90% bonds/10% S&P 500 Index funds, or an 80% bond/20% S&P option. Reid noted that historically Zurich customers have done quite well in the PARC program, getting good returns from largely low-risk investments. Since contracts in the program may not experience claims due to manufacturer warranty coverage, asset balances can be significantly enhanced with investment returns.



The PARC structure does have a maximum premium limit of \$2.8 million per year; participants exceeding that would be subject to significant tax penalties. However, Reid explained that premium threshold can go higher if more than one PARC is set up for the same dealership group. This is done fairly often for family businesses, which are so common in the industry.

“If it’s a large dealership group with multiple family members involved, each individual may be able to justify setting up their own PARC,” Reid said, “That strategy would afford the family the ability to capture significantly more reinsured premium generated from the dealership group.”

## Non-Controlled Foreign Corporation (NCFC)

If a PARC is not a good fit for the dealership, Zurich offers another reinsurance profit participation program: a Non-Controlled Foreign Corporation (NCFC). The NCFC is a corporation domiciled typically on an offshore island. As the name indicates, however, with the NCFC, the dealer is not a common shareholder and has limited control over the corporation. Unlike the CFC model, the dealer is not an officer nor a director for the company. The NCFC does not file an annual tax return in the U.S. and is responsible to pay excise tax.

The advantage to a NCFC is not having an annual premium limit. This can be a big benefit for a dealership constrained in the number of CFCs they can justify setting up.

## Non-reinsurance programs

Zurich also offers two non-reinsurance profit participation programs: a **Dealer-Owned Warranty Company** and a **Contingent Commission (Retro)** plan.

A Dealer-Owned Warranty Company is exactly what the name indicates. It’s a warranty company — a service contract provider registered in the states where the dealership conducts business. Unlike the reinsurance plans, a Dealer-Owned Warranty Company is a domestic company and it can be a good option for dealerships focused on growth but wary of acting as a reinsurer. Zurich acts as an administrator for the program, but the dealership owns the business and is contractually obliged for warranties on the F&I products they choose to sell under those agreements. The plan can be appealing for dealers, as they retain all underwriting profits and investment income related to the products.

However, the minimum capital needed to launch a Dealer-Owned Warranty Company can be significantly higher than either a PARC or a NCFC. And although there is a tax-deferral period in initial years of operation, earnings are subject to considerably greater taxation when that period ends. This structure has some additional tax risk as it will eventually be subject to corporate tax rates and there are no guarantees on what the tax rate will be when the entity becomes taxable.

Finally, the Contingent Commission (Retro) plan is the most straightforward, with the dealer participating only in the bottom-line profit. Distributions for Contingent Commission (Retro) are recognized as ordinary income, not at the tax-beneficial capital gains rate enjoyed within the other programs. What’s appealing about this structure is that it requires no upfront money and has little risk beyond sales fluctuations.

Zurich is clear in communicating both the benefits and risks of our profit participation programs to help dealers select the best structure to support their business objectives. Shared success is always our aim.

Contact your Zurich representative to  
discuss our profit participation programs.



## Direct Marketing Improving your advantage

### New enhancements to Zurich Advantage program make it easier to grab F&I opportunities.

Every dealer wants their customers to see the benefits of purchasing a vehicle service contract (VSC) at the time of vehicle sale. However, a poll last year indicated that, at the time of vehicle sale, just 29% of buyers purchased a VSC when they bought a vehicle at a dealership.<sup>1</sup>

Zurich offers a Direct Marketing Program precisely to give dealerships another chance at the 71% of missed opportunities. It's proven to be a successful way to reach customers who initially declined to buy a VSC and provides an additional revenue stream beyond the F&I office.

Zurich's Direct Marketing program is available to dealer customers at no cost. The dealership receives a commission for each contract sold through the program and the contracts are eligible for reinsurance. Working with a program administrator specializing in direct-to-consumer sales, Zurich facilitates dealers' outreach to customers via targeted, data-driven marketing. The program includes:



#### Dealer-branded direct mail

A recent study shows market-tested, physical mail outperforms email in response rates.<sup>2</sup> Perhaps that's not surprising in an era of digital information overload and overflowing email inboxes. Letters with your dealership's brand front and center are sent to customers and include a phone number for interested recipients to get more information. Our recent data shows that among those who make that call, approximately 34% will buy coverage.

#### Dealer-branded call center and fulfillment kit

If a customer calls to find out more after receiving the letter, the call center functions as an extension of the dealership, giving customers a more personalized interaction. If they make a purchase, the fulfillment kit is also dealership-branded to complement the customized experience. If customers say they need more time to consider an offer, they will be emailed pricing, payment options and resources to learn more about the product.

#### Follow-ups: Keeping the door open

If a customer declines an offer, the call center marks them in their system for future outreach. Sometimes, all it takes is one expensive repair shop visit to make a customer rethink the need for additional vehicle protection products.

#### Added benefits

- Potential walk-in sales: While sales can be finalized via the call center, many dealerships participating in the Zurich Direct Marketing Program see customers return to the dealership — letter in hand — to finalize the VSC sale. In these situations, the dealer retains the entire sale at full commission.
- Renewals: Direct Marketing can also be a great tool to reach customers with expiring VSCs for potential renewals. We offer the same direct mail experience for renewal customers as well.
- Ease of use: As our program administrator manages the marketing, dealers can enjoy "hands-off" service, letting them devote more time and resources to other business priorities.

#### New enhancements

This spring, Zurich launched enhancements and simplifications to Direct Marketing that make this valuable program even more efficient and user-friendly. Here's a quick overview of some of the changes:

- Less enrollment paperwork
- Eliminated the need to reconcile funding and remit to Zurich
- Dealership fully earns commission for each contract sold, regardless of any cancellations that occur post-commission funding
- Interface with the third-party payment provider eliminated

Zurich's Direct Marketing program can be an integral part of driving revenue for your dealership and improving customer loyalty and retention.

Even in the best of circumstances, customers can feel overwhelmed at the time of an auto purchase. It's a significant investment, after all. In that moment, they may not give as full consideration as needed for protection products that can benefit them in the long run.

But consumers do understand that vehicles are an ongoing expenditure, so conveying how VSCs can ultimately reduce the overall cost of vehicle ownership is an important message to reinforce. Zurich's Direct Marketing Program can help you share that message and keep your customers returning to your dealership.



1. Durkin, Thomas A., Gregory Elliehausen, and Thomas W. Miller, Jr. "Service Contracts on Vehicle Purchases: Findings from a New Survey." 22 June 2023.  
2. "Direct Mail Advertising Global Market Report 2023." Report Linker. 15 February 2023.

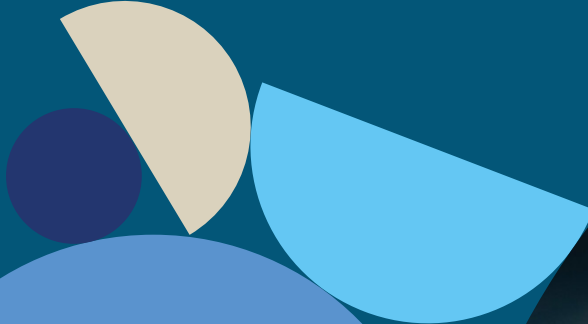


# The Zurich Advantage

More profit. Enhanced customer experience.

F&I is evolving, and your F&I provider should, too. Leveraging over 100 years of automotive experience, we've developed The Zurich Advantage, a suite of products and services that meet the needs of today's consumers at the time of purchase – and beyond.

The Zurich Advantage provides flexible and customized solutions built to help you maximize every F&I opportunity and deliver a superior customer experience.



Discover more about  
the Zurich Advantage.

[zurichna.com/  
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# The 2024 Zurich Classic

20 years in, customers and community remain at the heart of the event.



A playoff finish with Rory McIlroy and Shane Lowry emerging victorious provided a thrilling conclusion to this year's [Zurich Classic](#), but as always, the event was about much more than golf. As Zurich celebrated our 20th anniversary as title sponsor, the truly big wins were the event's positive impact on New Orleans and our chance to gather with customers, distributors and colleagues.

The Zurich Classic is unique as the PGA TOUR's only team event, but also as a networking opportunity. Purely social interactions and industry-focused discussions merged seamlessly as attendees participated in business sessions, watched guest speaker presentations, engaged in friendly competition in the Pro-Am, took in the unforgettable sights and sounds of New Orleans and, of course, enjoyed watching some of the most successful professional golfers in the world.

Zurich's Direct Markets team again had a significant presence at the event. Among the many attending was Head of Direct Markets, **Jason Meador**, whose busy schedule did not prevent the avid golfer from playing in the Pro-Am. Head of Strategic Services, **Marie Knight**, also had an active Classic calendar, including hosting an installment of our "Connections from the Green" video series (see sidebar).

Other highlights of the week included an inspiring Zurich Classic Executive Women's Day keynote presentation by [Dr. Jannell MacAulay](#). MacAulay is a 20-year Air Force veteran now renowned as a motivational speaker, consultant and instructor in strategic health and human performance. Her speech focused on mindfulness in navigating stress while pursuing career excellence.

Also well-received was an in-depth panel discussion on diversifying the insurance industry held at Dillard University, a prestigious HBCU (Historically Black College or University). Zurich panelists included North America CEO **Kristof Terryn**, while several Zurich leaders were able to speak directly with Dillard students about potential careers with our company.

On a different educational front, Classic week included a return visit to St. Michael Special School for New Orleans students with intellectual and developmental disabilities. Over the years of our sponsorship of the Zurich Classic, Zurich has donated nearly \$2 million to this highly honored institution.

While numbers for 2024 are not final, a new record was set for charitable donations surrounding the event. In collaboration with the Fore!Kids Foundation, Zurich has raised more than \$30 million for area charitable organizations supporting more than 200,000 children. Established in 1958, the Fore!Kids Foundation raises money for children's service organizations through golf events, including the Classic. The Foundation provides support to dozens of worthy institutions, such as St. Michael Special School, Children's Hospital of New Orleans, and many more.

Zurich has also carried our [sustainability](#) commitment over to the Classic. Following in the footsteps of many restaurants in the area, discarded oyster shells were collected to help protect Louisiana's shoreline from coastal erosion. Glass materials were recycled for repurposing as sand and gravel for ecologically sound construction projects, coastal restoration efforts and disaster relief. Leftover concessions were also donated to local food recovery programs.

From the big swings on the TPC Louisiana course to the big contributions of so many people, the 20th year of the Zurich Classic reinforced its place as a tournament embodying teamwork, resilience and giving back.

[Learn more about the Zurich Classic of New Orleans.](#)



**Jason Meador**, Head of Direct Markets, Zurich North America, at the Classic.

Top of page: **Kristof Terryn**, CEO of Zurich North America, with Zurich Classic winners **Rory McIlroy** and **Shane Lowry**.

Center of page: Terryn with a student at St. Michael Special School.

## Connecting at the Classic with Starling Automotive

While the Zurich Classic is a great showcase for our company, we love to share the "Big Easy" spotlight with our customers. At this year's event, **Marie Knight**, Head of Strategic Services for Direct Markets at Zurich North America, sat down with **Walker Starling**, one of the owners of Starling Automotive, for a "Connections from the Green" discussion.

Starling Automotive has dealerships in Florida and South Carolina. Their 20-year relationship with Zurich matches the longevity of our sponsorship of the Classic.

Dependability and quality of service were two of Zurich's key strengths that Walker Starling said has benefitted his business.

"I know that every single guest that comes through Starling is getting a consistent, excellent opportunity to purchase vehicle service contracts that are backed by Zurich," Starling said. "And I know that if something happens, my guests' investment is going to be covered because Starling and Zurich stand behind it."

Knight and Starling also spoke about employee retention, training and other priorities and goals in their conversation.



[Watch "Connections from the Green."](#)

# Revving up our Powersports solutions!



Summer is here and it's the season when recreational driving goes into high gear, especially for those who love motorcycles, ATVs and scooters. If your dealership serves that customer base, you'll want to know about updates Zurich made recently to our Powersports suite of F&I products, including Vehicle Service Contracts, Guaranteed Auto Protection (GAP), Road Hazard Tire & Wheel, Universal Security Guard® and Limited Warranty.

Here's a quick view of what's new:

## Ready for the next era of powersports

Hybrid and EV units will be eligible for all powersports products, excluding Limited Warranty. (Please review the product dealer guides available in My Zurich Navigator for more details.) This expansion can help your business get a step ahead on where the industry is headed, as a recent survey showed riders expect EV/hybrid powersport vehicles to outsell traditional models within a decade.<sup>1</sup>

## Improving efficiency, the paperless way

- We're transitioning to electronic quoting, rating and contracting via the Dealer Administrative Portal (DAP) or selected menus that integrate with Provider Exchange Network (PEN) or F&I Express. Paper forms and rate cards will no longer be used.
- We have updated Service Contract and Tire & Wheel forms to include a URL and a QR code, enabling electronic delivery of contracts to your consumers.

## Additional updates

- Tire & Wheel will now have a \$2,500 aggregate limit.
- Zurich's premium and metric GAP product offerings are now combined.

Our Customer Service Center has updated marketing materials reflecting these changes. Don't hesitate to reach out to your Zurich representative if you have any questions regarding these updates.



1. Burdick, Tristin. "Motorcyclists Think Electric/Hybrid Powersport Vehicles Will Outperform Traditional Models 'Within A Decade', Survey Finds." EPG Specialty Information. 29 January 2024.

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