



983 Old Eagle School Road, Suite 616
 Wayne, PA 19087
 (800) 446-5950
 (610) 254-9890 Phone
 (610) 254-9893 Fax
 www.triarcs.com

Residual Value Insurance Application

I. General Applicant Information

Applicant _____

Address _____

City, State, Zip _____

Contact _____ Title _____

Phone _____ Fax _____

How Long Has Applicant Been In Leasing/Balloon Lending? _____

Has Applicant Exited/Re-entered Leasing Business? _____ When? _____

Applicant's Indirect Dealers How Many? _____ Where? _____

Current Residual Value Insurance Program Carrier? _____

Rate? _____

Expiry? _____

Ever Been Cancelled? _____

Please answer the following questions as completely as possible. Provide attachments if necessary.

II. Lease/Balloon Loan Portfolio Characteristics

A. Actual # of Lease Originations for Most Recently Completed Year New _____ Used _____

B. Projected # of Lease Originations for Coming Year New _____ Used _____

C. Average MSRP New _____ Used _____

D. **Residual Setting** Average Residual Value Amount _____

How Are Residuals Established? ALG _____ Black Book _____ Other _____

Are Residuals Enhanced? If Yes, Describe At What Level _____

Are Vehicle Enhancements Chosen On A Target Basis? Please Describe Selection Process _____

Is Factory Invoice Used to Establish Residual? Yes No

If No, Describe/Define What Type of Adds are Included in MSRP (Factory Installs, Dealer Installs, Other) _____

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E. **Lease/Loan Terms** Average Term _____

Term Breakdown	<u>Standard</u>	<u>Odd Term</u>
(Percent of Portfolio)	24 months _____	Between 25-35 Months _____
	36 months _____	Between 37-47 Months _____
	48 months _____	Between 49-59 Months _____
	60 months _____	> 60 months _____

If Odd Term Leases/Loans Account for More Than 5% of Portfolio, Describe If and How Residuals Are Adjusted _____

F. **Mileage Allowances** Annual Std _____ Annual Low _____ Annual High _____

% of Portfolio Standard _____ Low _____ High _____

Excess Mileage Penalty ALG _____ Greater Than ALG _____

Is Mileage Allowance Increased for Odd Terms? _____ If Yes, Please Explain _____

G. Portfolio Vehicle Make and Model Concentrations

% of Cars _____ Trucks _____ SUVs _____

List All Makes that Comprise More than 15% of the Portfolio _____

List any Model that Comprises More than 10% of the Portfolio _____

H. Describe the Credit Quality Range of the Applicants Lessees/Borrowers _____

III. Historical Performance

A. Please Complete the Grid Below

	Current YTD 20_____	First Prior Year_____	Second Prior Year_____
1. Number of Vehicles Scheduled to Terminate			
2. % of the Vehicles In Number 1 That Reached Full Term			
3. % of the Vehicles In Number 2 That Were Returned to Applicant			
4. % of the Vehicles In Number 3 That Resulted in a Claim			
5. Average Claim Amount			

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B. Describe Remarketing and Vehicle Disposition Strategy and Process _____

At What Point During Lease/Loan Does Telemarketing/Remarketing Begin? _____

Disposal Methods (Yes/No & %) Auction _____ Wholesale _____ Retail _____

Is a Wholesale Guidebook (Black Book, Kelly, NADA etc.) Used For Reference When Disposing of Vehicles? _____

If Yes, Which Guidebook? _____

IV. Coverage Parameters

A. Please Describe Request For Coverage (Complete Risk Transfer, FASB, Catastrophic, Other) _____

B. Desired Level of Coverage ALG _____ Contract Residual _____ Other Than Contract Residual _____

If Other Than Contract Residual, Please Explain _____

V. Attachments

Please Provide the Following Attachments:

1. Listing of the Last Six (6) Months Lease/Balloon Note Originations with the Following:

Year, Make, Model & Trim Level Contract Residual Value

Original Lease Term Vehicle MSRP

2. Copy of Applicant's Current or Most Recent Residual Value Policy

3. Copy of Applicant's Lease Agreement and/or Balloon Note Contract

FRAUD WARNING

“ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANOTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SUBJECTS THE PERSON TO CRIMINAL AND [NY: SUBSTANTIAL] CIVIL PENALTIES. (NOT APPLICABLE IN CO, HI, NE, OH, OK, OR, AND UT; IN MAINE AND VIRGINIA, INSURANCE BENEFITS MAY ALSO BE DENIED.)”

NOTICE TO COLORADO APPLICANTS: “IT IS UNLAWFUL TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES, DENIAL OF INSURANCE, AND CIVIL DAMAGES. ANY INSURANCE COMPANY OR AGENT OF AN INSURANCE COMPANY WHO KNOWINGLY PROVIDES FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO A POLICY HOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICY HOLDER OR CLAIMANT WITH REGARD TO A SETTLEMENT OR AWARD PAYABLE FROM INSURANCE PROCEEDS SHALL BE REPORTED TO THE COLORADO DIVISION OF INSURANCE WITHIN THE DEPARTMENT OF REGULATORY AGENCIES.”

NOTICE TO OHIO APPLICANTS: “ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE/SHE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.”

NOTICE TO OKLAHOMA APPLICANTS: “WARNING: ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY.”

NOTICE OF INSURANCE INFORMATION PRACTICES: PERSONAL INFORMATION ABOUT YOU, INCLUDING INFORMATION FROM A CREDIT REPORT, MAY BE COLLECTED FROM PERSONS OTHER THAN YOU IN CONNECTION WITH THIS APPLICATION FOR INSURANCE AND SUBSEQUENT POLICY RENEWALS. SUCH INFORMATION AS WELL AS OTHER PERSONAL AND PRIVILEGED INFORMATION COLLECTED BY US OR OUR AGENTS MAY IN CERTAIN CIRCUMSTANCES BE DISCLOSED TO THIRD PARTIES. YOU HAVE THE RIGHT TO REVIEW YOUR PERSONAL INFORMATION IN OUR FILES AND CAN REQUEST CORRECTION OF ANY INACCURACIES. A MORE DETAILED DESCRIPTION OF YOUR RIGHTS AND OUR PRACTICES REGARDING SUCH INFORMATION IS AVAILABLE UPON REQUEST. CONTACT YOUR AGENT OR BROKER FOR INSTRUCTION ON HOW TO SUBMIT A REQUEST TO US.

I hereby declare that the above statements are true to the best of my knowledge. Signing of this Application does not bind the undersigned to purchase any insurance, nor does it in any way signify any acceptance of any coverage on the part of the Company. The Applicant is hereby applying to the Company for a policy of insurance as set forth in this questionnaire on the basis of the statements contained herein.

Signature **Title**

Name **Date**