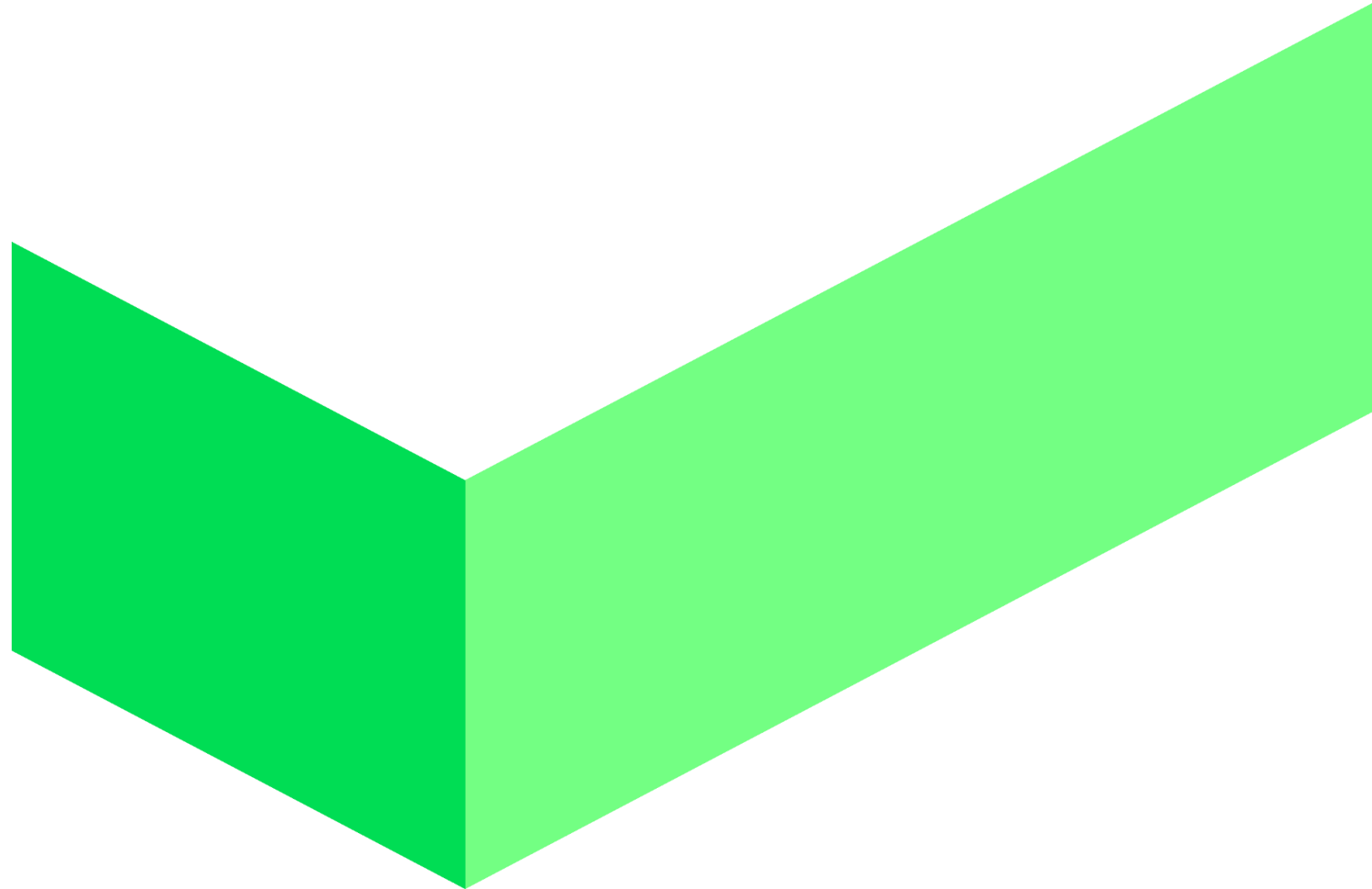


# Premier Upgrade Package (PUP) Updates

August 2020



# What is the Update?

There is a new law for the State of Florida.

**Effective date:** January 1, 2020

- A home warranty contract that provides coverage for wear-and-tear failures on components of a HVAC system contains an exclusion for replacement coverage.
- Functional components of the HVAC system based on operational compatibility or operational efficiency requirements as set by the manufacturer, must:
  - Have a highly visible **disclosure** that must be included on the home warranty contract that discloses that it **does not cover replacement of functional components of HVAC systems** for compatibility reasons or efficiency requirements of the manufacturer.
  - Offer additional coverage to the home warranty contract for these circumstances and must be purchased on the Cinch website or over the phone with a Cinch Associate.



# Sample of PUP Contract Verbiage

**Premier Upgrade Package** Adding this package to your Home Warranty Agreement provides additional benefits on a covered claim. Certain repairs or replacements may require additional fees that are not normally covered under your Home Warranty Agreement, such as, but not limited to, disposal of equipment; duct, electrical and/or plumbing modifications; reclamation of refrigerant; code upgrades; permits; condenser pads. Depending on the package selected, we will provide up to either \$500 or \$1000 **towards non-covered charges when repairing or replacing a covered item. This benefit does not apply to equipment; items; or failures deemed ineligible for coverage. In no event shall we be liable to cover fees and/or disposal arising from hazardous and/or toxic materials or asbestos. Package limits apply to one (1) covered item, per claim. Each claim event is capped for up to either \$500 or \$1000; any unused portion of the benefit cannot be applied towards a future claim. In no event shall we be liable for more than two (2) claims per agreement term, for an aggregate amount of up to \$1000 or \$2000. Florida Residents Only: Pursuant to Florida Statute §634.346 this package provides coverage towards the replacement of functional components of the HVAC system necessary to maintain the compatibility and operating efficiency requirements of the manufacturer.**

## What Steps Are Made to Comply?

- ✓ A/C replacements in Florida for customers who purchase PUP
  - Cinch Associates will ensure we are using the \$1,000 PUP cap toward replacing functional components.

# Changes to Marketing


- ✓ The following General Exclusion will be added to ALL active marketing.

“This Agreement does not cover replacement of functional components of HVAC systems for reasons of compatibility or efficiency requirements of the manufacturer unless additional coverage for such circumstance is purchased. This additional coverage must be purchased within 30 days from the effective date of this Agreement. To obtain this coverage, call the number on your Agreement Coverage Summary page or visit [www.XXXX.com](http://www.XXXX.com).”

A large, textured green circle with a white border, containing the word "Scripting" in white text. The green has a watercolor-like texture with some darker and lighter patches. The white border is also textured and slightly irregular.

# Scripting

# Scripting: Add-On Optional Services

Agent	Customer Response	Agent Action Step
<p><b>Ask:</b> “So, let me ask you...”</p> <ol style="list-style-type: none"> <li>Do you have a pool or spa or both? <b>CAPTURE ANSWER</b></li> <li>How about a well pump? <b>CAPTURE ANSWER</b></li> <li>And lastly do you have a septic tank? <b>CAPTURE ANSWER</b></li> </ol>	<p>IF CUSTOMER SAYS <b>YES</b> TO ANY OF THESE QUESTIONS</p>	<p><b>Say:</b> “So, you know, you can also protect your [select optional coverage] for an additional [insert price based on option coverage].</p> <p>I’d be glad to go ahead and add that now for you, okay?”</p>
<p><b>PREMIUM UPGRADE PLAN - \$10 per month</b></p> <p>We also highly recommend our customers take advantage of our Premium Upgrade Plan - it’s an added protection. It pays for items typically not included with home warranties such as disposal of equipment, duct/electrical/plumbing modifications, reclamation of refrigerant, code upgrades, permits, condenser pads and much more. You’ll get up to \$1,000 per claim and can do up to 2 claims per year for just \$10 extra per month. Okay!</p> <p> <b>IF FLA CUSTOMER</b> – also say: “Just for your information, this optional protection provides coverage in accordance with Florida Statute 634.346 which helps maintain the compatibility and operating efficiency requirements of the A/C manufacturer. Okay!”</p>		

# Scripting: What is the Premier Upgrade Plan?

Agent	Customer Response	Agent Action Step
<p><b>Says:</b> “The Premier Upgrade Package (PUP) enhances the base Cinch Home Warranty coverage plan for buyers, offering additional benefits for non-covered charges associated with a systems or appliance repair or replacement.</p> <p>Just like many home warranty companies; our Cinch Home Warranty plans excludes paying for changes or upgrades due to code or regulatory requirements. Cinch covers repairs or replacements due to wear and tear. Let me explain how it works with an example. Let's say you have an approved claim to replace your A/C. Our warranty covers the costs of parts and labor, but there are \$700 of non-covered charges associated with the replacement (for duct modifications and permits). Without the Premier Upgrade Package, you would be out of pocket \$700 in addition to your deductible. If you have the Premier Upgrade Package, will receive a brand-new A/C and only pay your deductible out of pocket.</p> <p>Keep mind, this option can be used two times per contract year, for up to \$1,000 of non-covered charges each time. That’s up to \$2,000 worth of coverage for only \$120 a year.</p> <p>Would you like to add it to your plan for an additional \$10 a month?”</p>	<p><b>IF YES:</b></p>	<p>CONTINUE</p>
	<p><b>IF NO:</b></p>	<p><b>Say:</b> “Ok, just so you know you have up to 30 days from effective date to modify or add optional coverage.”</p>

# Scripting: What is the Florida Statute 634.346?

Agent	Customer Response	Agent Action Step
<p><b>Says:</b> “Effective January 1st, 2020, Florida Regulations are requiring Home Warranty companies to offer voluntary coverage to consumers to cover the cost of upgrading a unit due to the Florida code requirements.</p> <p>Just like many home warranty companies; our Cinch Home Warranty plans excludes paying for changes or upgrades due to code or regulatory requirements. Cinch covers repairs or replacements due to wear and tear. Let me explain how it works with an example. Let's say you have an approved claim to replace your A/C. Our warranty covers the costs of parts and labor, but there are \$700 of non-covered charges associated with the replacement (for duct modifications and permits). Without the Premier Upgrade Package, you would be out of pocket \$700 in addition to your deductible. If you have the Premier Upgrade Package, will receive a brand-new A/C and only pay your deductible out of pocket.</p>	<p><b>IF YES:</b></p>	<p>CONTINUE</p>
<p>Keep mind, this option can be used two times per contract year, for up to \$1,000 of non-covered charges each time. That’s up to \$2,000 worth of coverage for only \$120 a year.</p> <p>Would you like to add it to your plan for an additional \$10 a month?”</p>	<p><b>IF NO:</b></p>	<p><b>Say:</b> “Ok, just so you know you have up to 30 days from effective date to modify or add optional coverage.”</p>



# **Overview of Premier Upgrade Package (PUP)**

# What is Premier Upgrade Package (PUP)?

The Premier Upgrade Package (PUP) **optional coverage offers additional benefits for non-covered charges** associated with a covered systems or appliance repair or replacement.

When a customer has a covered failure, there will be items required to complete the repair or replacement that are not customarily covered under a home warranty.

- Examples of non-covered charges:
  - Disposal
  - Permits
  - Duct mods
  - Elec. Mod
  - Plumbing mods
  - Reclaim

# PUP Limitations

- PUP can be used twice a year per contract year
  - Up to \$1,000 of non-covered charges each time.
  - Any unused portion of the benefits *cannot* be applied towards a future claim.

**You MUST check history to be sure the PUP is applied correctly.**

- PUP coverage is for the non-covered charges for the repair/replacement and **not for diagnostic charges.**
  - Example: A camera test for plumbing for diagnosis.
    - Equipment, items or causes of failures deemed as not covered.
- PUP does not cover any over the cap charges after the cap limit has been reached.
  - Some Examples:
    - Refrigerant Cap
    - Boiler cap
    - Geothermal unit cap



# No PUP Coverage on Maintenance or Items Not Addressed



## **PUP Cannot Be Used to Cover a Failure or Item That is Not Addressed**

- Expansion tanks that are leaking on water heaters are not addressed



## **PUP Cannot Be Used to Cover Maintenance**

- The Cleaning Maintenance of an appliance part is not covered
  - Example: If the condensing coil of a defrost heater in a refrigerator is dirty and must be cleaned before they can do the work