



CPI Hybrid Case Study:

Columbine Federal Credit Union

COLUMBINE FEDERAL CREDIT UNION

Since its inception in 1956, Columbine Federal Credit Union has focused on serving its members and the communities in which it resides. That's why their credit unions are not-for-profit, member-owned financial cooperatives that focus on offering members lower loan rates and fees, and higher savings rates.

PARTNER PROFILE:



Assets exceeding
\$59 million



More than
6,155 members



Serves
Englewood, Colorado

SUCCESSES:

- Increased staff efficiency
- Reduced program administration
- Reduced delinquencies due to inflated reporting

Collateral Protection Insurance (CPI)

Collateral Protection Insurance (CPI) is a critical component of your financial institution's risk management program. The proactive tracking and borrower communication aspects of these programs are positive and, generally, reduce the financial risks to which the overall loan portfolio is exposed. But there are also "pitfalls" associated with Traditional CPI plans. Some of those challenges include:

- ✓ Potential increased consumer complaints
- ✓ Heightened regulatory scrutiny
- ✓ Unknown deficiency balance exposure due to the high annual premiums and subsequent payment increases
- ✓ A general increase in the financial institutions administrative burden as a result of the high degree of refund activity and increased collection and repossession efforts

THE CHALLENGE

Managing a traditional CPI program was cumbersome for the Columbine FCU staff. Not only did the notification process take significant time and effort, but managing member calls related to the program was tedious, and took staff away from more pressing work—collecting on truly delinquent borrowers, not those that were in the queue because of the premium add-on. The collections process at any institution should work like a well-oiled machine in order to be efficient and keep delinquencies and deficiency balances low, but when collections staff is forced to spend time fielding calls from borrowers that are only delinquent because of a force-placed policy, the machine can get off track.



THE SOLUTION

When Columbine FCU's VP of Lending, Arick Williams, learned about CPI Hybrid's monthly premiums as opposed to the annual—and much more expensive—premium of the Traditional CPI program, he was sold. Member complaint calls have subsequently decreased as borrowers aren't as concerned with paying the reduced premium. "It's much easier to digest than the annual traditional premium amounts," said Williams. "We don't get complaints on these premium charges."



“The traditional program doesn't make sense for what our technology and systems allow us to do now.”

Arick Williams

VP of Lending for Columbine
Federal Credit Union

“
Having a
program that will
automatically pick
up on the drop of
the policy, starts
notifying right away,
and starts covering
the credit union right
away—those are
things that allow me
to sleep better
at night, ”
said Williams.

THE RESULTS

The automated notification component of CPI Hybrid has alleviated some of the credit union’s compliance concerns. “One of the biggest things the Hybrid program did was take the notification process from being manual (which means mistakes) and converted it to an automated process, giving us peace of mind as it relates to compliance,” said Williams. Knowing that members are being notified 26 times per year on a monthly basis gives Columbine FCU the confidence that their bases are covered.

“Having a program that will automatically pick up on the drop of the policy, starts notifying right away, and starts covering the credit union right away—those are things that allow me to sleep better at night,” said Williams.

Since Columbine FCU implemented Hybrid CPI, their indirect loan portfolio has grown 591% since 2012. “It just allows a credit union and a lender to focus on what they do well. It frees up the time for my staff to focus on making more loans and making more income and yield for my credit union,” said Williams.

One of the more non-tangible benefits of the CPI Hybrid program is the SWBC staff. “When you do have to repossess the vehicle, which will happen in indirect lending no matter what you do, the claims process for any damages on the vehicle has helped us out several times,” said Williams. He also appreciates the quick claims turnaround time. “Wayne out of the Kansas City office is phenomenal, and we often settle claims within a week. Everyone on the SWBC team is very gracious and helpful; I love the fact that our credit union can transfer one of our borrowers to the SWBC customer service team to settle their problem, saving our staff’s time and resources,” said Williams.



AN UNEXPECTED STRATEGIC ADVANTAGE

CPI Hybrid also gave Columbine FCU an unexpected strategic advantage. “Everything works in a circle,” said Williams. Since the collections team can focus solely on borrowers that are truly delinquent and not just in the queue due to premium add-on, their overall delinquencies decreased. Lower delinquencies allowed them to take on more risk and increase lending. “CPI Hybrid is a product that doesn’t inflate delinquencies so we don’t have to worry about that when underwriting someone’s ability to repay a loan,” said Williams.

Williams believes that the Hybrid CPI program creates opportunities for growth on the lending side of his institution. “I feel like it allows us to participate in indirect lending at a level that actually provides us yield. The program allows us to lend more because the tracking program will pick them up without kicking the person into the collections queue.”

When asked if he would recommend Hybrid CPI to another credit union, Williams emphatically said, “I would definitely recommend it to anybody. It just allows a credit union and a lender to focus on what they do well. It frees up the time for my staff to focus on making more loans and making more income and yield for my credit union.”

THE CONCLUSION

The Way You’ve Always Done It, Doesn’t Have to Be The Way You Always Do It

Confused and upset borrowers, increased delinquencies and repossessions due to premium add-on, and an overwhelmed staff were all problems experienced by working within the confines of a traditional CPI program. “To me, the traditional program is just antiquated. The traditional program doesn’t make sense for what our technology and systems allow us to do now,” said Williams.

Columbine Federal Credit Union achieved a drastic reduction in member noise and a decrease in miscalculated delinquencies because they were willing to approach their insurance tracking and placement program from a different perspective. They were able to both ensure their collateral was protected and do the right thing for their borrowers.

Learn how our CPI Hybrid solution can make a positive impact with your financial institution. Call **866.647.8749** or click [here](#) to request a demo.

