



FOR IMMEDIATE RELEASE

EFG Companies and Northwood University Announce F&I Innovator of the Year Competition Winner

- Team Vigilance Meets Consumer and Dealer Demands with 401Karrs -

DALLAS, TX (December 14, 2016) EFG Companies, the innovator behind the award-winning Hyundai Assurance program, together with Northwood University, today announced the selection of Team Vigilance as the winner of the 2016 Innovator of the Year Award competition, and the recipient of \$25,000.

Team Vigilance utilized their millennial mindset, ongoing dealership research, and F&I mentor input to create "401Karrs". The product addresses Millennial and Gen Z concerns around financial security, and delivers on dealership goals around customer retention. In addition to the team's monetary reward, they will potentially see 401Karrs developed by EFG for market availability. Team Vigilance is made up of three team members:

- Alec Bond from Lindin, MI
- Houston Huff from Tuscon, AZ
- Lucas Myrhe from Austin, TX

"We want to thank all the teachers and mentors from this competition and across Northwood who've been a huge inspiration and motivation throughout this project," said Lucas Myrhe. "With their guidance, we were able to deliver a product that is beneficial to customers and dealerships, increasing dealership profit, retention, and customer satisfaction."

During the semester-long contest, team members leveraged time spent with their mentor, Craig Drew, the general manager of Central Maine Motors Auto Group in Waterville, ME. "Team Vigilance hit the ground running from day one, and they weren't afraid to go back to the drawing board. Their dedication and perseverance to create a useful and beneficial product won them this award," said Drew.

401Karrs – Pairing Evolving Consumer and Dealer Needs

Team Vigilance developed 401Karrs to address a concern among Millennials and Generation Z – financial stability. According to the Federal Reserve, to date, 44.2 million Americans owe nearly \$1.26 trillion in student loan debt. In 2016 alone, student loan debt increased by 6 percent. The generations that will soon make up the bulk of the auto retail consumer market are entering adulthood with the largest debt load in history. With 401Karrs, the new generation of car buyers will have a tool to help manage their money by reducing or eliminating their out-of-pocket expense in putting a down payment on a vehicle.

401Karrs is essentially a down-payment savings product. Dealership customers will have the opportunity to add as little as \$20 to their monthly payment, which will be used for a downpayment on their next vehicle. When they return to the selling dealership to purchase their next vehicle, the dealer will match up to 20 percent of the amount saved, or \$1000. In this way, the product acts as a customer retention tool, since they must return to the dealership to take advantage of the match.

-more-

The last part of 401Karrs is a reinsurance opportunity. Just like with vehicle service contracts, dealers can participate in reinsurance on the 401Karrs product, accruing interest on the money set aside for the downpayment. This balances out the dealership match and has the potential to generate greater reinsurance profit.

Contest pairs students with F&I industry leaders.

In addition to experienced team mentors, the contest was judged by F&I industry leaders. The eight-member panel brought more than 100 years of F&I expertise from automotive dealerships and corporations from across the country, encompassing all major automotive brands. Several of the judges commented that the student product entries provided a fresh perspective and challenged their thinking about their own dealerships and operations.

“This competition offers students the unique opportunity to take their education beyond the classroom and individual dealership rooftops to create an industry impact,” said Keith Pretty, President and CEO, Northwood University. “Each of the participating students will be able to learn from their experiences from this semester and apply them to their future success as leaders.”

The contest winners were announced on Thursday, December 8, during a ceremony at Northwood University.

F&I Innovator contest designed to boost development, reach consumers

Each year during Northwood’s fall semester, the F&I Innovator of the Year Award competition pits six teams of Northwood undergraduate automotive marketing and management students against one another to conceptualize and build a new F&I product, while earning course credit. EFG and Northwood created the F&I Innovator of the Year competition to stimulate another level of innovation in the F&I space.

“With changing market demographics, increased compliance, and an evolving dealership model, everyone is looking at how the F&I space will evolve in the coming years,” said John Pappanastos, President and CEO, EFG Companies. “This competition exemplifies the need to develop new ways of capitalizing on these market changes by taking into account fresh sources of inspiration to meet new demands.”

###

About EFG Companies

EFG Companies drives the industry’s highest-reported compliant F&I profitability through its distinct engagement model in which the company operates as an extension of the dealer’s management team. EFG addresses total dealership performance, and its client satisfaction net promoter score is higher than national corporate leaders such as Southwest Airlines, USAA Banking and Finance, and Nordstrom. Learn more about EFG at: www.efgcompanies.com