

ENGAGING INDIRECT BORROWERS WITH INSURANCE SALES

Strategies for Credit Unions

OVERCOMING BARRIERS TO BUILD STRONGER RELATIONSHIPS


Indirect borrowers obtain credit union loans through third-party originations, such as dealership financing. They typically join as a formality, often with minimal engagement beyond loan payments. These borrowers, usually in their prime borrowing years (30–70), may have multiple financial needs (auto loans, credit cards, insurance, mortgages) but remain unaware of the credit union's broader services. Many live outside the credit union's core branch area and choose the loan for its rate rather than brand loyalty.

Lower Engagement Than Direct Members

Indirect borrowers often see the credit union as a financing source rather than a financial partner. They may not recognize the credit union's name, engage primarily through automated payments, and ignore outreach, assuming it's routine loan communication. As a result, they hold fewer products per member than direct borrowers, challenging credit unions' goals of deepening relationships.

Barriers to Insurance Engagement

Indirect borrowers may distrust the credit union's insurance offerings, as they didn't actively choose the institution. Financially stretched from recent purchases, they may resist additional expenses. Many declined dealership F&I add-ons and experience "buyer's fatigue," making them hesitant to revisit insurance decisions. Awareness is another hurdle—borrowers may not know the credit union offers competitive insurance or assume it's too late to opt in. Traditional cross-selling efforts, like direct mail, have seen low success, emphasizing the need for proactive engagement strategies.



CHALLENGES

in Selling Insurance & Ancillary Products to Indirect Borrowers

Lack of Relationship & Trust

Indirect borrowers often don't recognize they've joined a credit union. Their loan originated through a dealership, not a credit union interaction, leaving little rapport. Without online banking enrollment or branch visits, cross-selling becomes difficult. Credit unions must balance outreach without appearing overly aggressive.

Dealer Competition

Dealers have the advantage of selling GAP, extended warranties, and other insurance products at the point of sale. Many borrowers either purchase these add-ons upfront or feel fatigued from sales pitches, making later offers from the credit union feel redundant or inconvenient.

Regulatory & Compliance Barriers

Marketing insurance post-loan requires compliance with privacy laws, consent regulations, and licensing requirements. Restrictions on contacting borrowers, data-sharing policies, and disclosure rules make cross-selling more complex, often limiting outreach to email or mail rather than direct conversations.

Structural Cross-Selling Challenges

Indirect lending is often siloed from other credit union operations. Loans flow through automated dealer systems, and staff may have no direct interaction with borrowers. Generic cross-sell efforts see low engagement, and the sheer volume of indirect loans makes personalized outreach difficult without leveraging automation and data-driven targeting.



STRATEGIC SOLUTIONS FOR CREDIT UNIONS

Despite the challenges, credit unions can implement effective strategies to better engage indirect borrowers and successfully cross-sell insurance and ancillary products. The key is to combine technology, smart timing and messaging, strong partnerships, and a member-centric value proposition.

SALES & MARKETING STRATEGY

To engage indirect borrowers effectively, credit unions need a targeted approach rather than treating them as an afterthought.

01

Act Quickly: The first 30 days post-loan are critical. Tie outreach to the first payment or a welcome message to keep the credit union top of mind. Early offers for GAP or extended warranties resonate while the purchase is still fresh.

02

Use Member-Centric Messaging: Avoid hard sales tactics. Instead, educate borrowers on why credit union insurance is a better, lower-cost alternative to dealership add-ons.

03

Leverage Multi-Channel Outreach: Engage members through a mix of email, text, and calls. A welcome call can establish trust before introducing insurance options.

04

Personalize Offers: Use loan data to tailor recommendations. High loan-to-value? Highlight GAP coverage. Older trade-in? Offer mechanical breakdown protection.

05

Make It Easy: Ensure seamless enrollment through e-signatures, online portals, and pre-filled forms to reduce friction in purchasing.



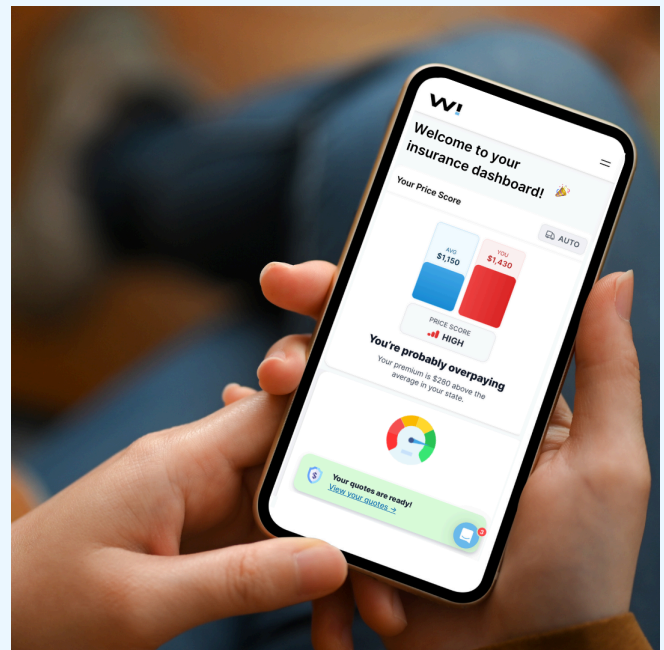
By acting early, personalizing outreach, and simplifying the process, credit unions can turn indirect borrowers into engaged members who see value beyond their loan.

PARTNERSHIPS & INTEGRATION

Credit unions can boost insurance sales by partnering with insurtech platforms, brokers, or CUSOs, making insurance easier for members to access and for credit unions to manage.

Insurtech Solutions: Platforms like Woop Insurance offer a one-stop dashboard for members to verify and compare insurance, strengthening loyalty and simplifying compliance.

Embedded Insurance: APIs from providers like Insuritas allow seamless integration into online banking, alerting members about renewal opportunities with minimal friction.



Ancillary Product Integration: GAP and extended warranties can be embedded into the loan process, enabling easy self-service enrollment through digital banking.

Referral Partnerships: Credit unions without full-service platforms can refer members to trusted insurance agencies for consultations, earning commissions while providing value.

MEMBER EDUCATION & VALUE PROPOSITIONS

Credit unions can build trust and engagement by educating indirect borrowers rather than using hard sales tactics.

Educate on Need & Benefits

Many borrowers don't fully understand GAP insurance or extended warranties. Providing articles, infographics, or webinars helps explain real-life scenarios, making coverage feel relevant.

Highlight Cost Savings

Credit union insurance products are often cheaper than dealership options. Messaging should emphasize transparent pricing and lower costs with no markups.

Position as a Trusted Advisor

Contrast the no-pressure, member-first approach with dealership upselling. Reinforce that credit union products offer better terms, nationwide coverage, and flexible cancellation.

Use Social Proof & Data

Sharing success stories and average savings builds credibility and encourages adoption.

Ensure Transparency

Provide clear, accessible information on coverage, costs, and claims to remove uncertainty and build confidence.

By focusing on education and financial wellness, credit unions can position themselves as trusted advisors rather than just another sales channel.

TURNING TRANSACTIONS INTO TRUST

Credit unions can differentiate themselves by educating indirect members and emphasizing the unique value they provide. When members see that the credit union is looking out for their best interests—offering honest advice, better deals, and trusted financial guidance—they are more likely to engage, purchase ancillary products, and deepen their relationship with the institution.

This approach does more than just drive insurance sales; it transforms transactional borrowers into long-term, multi-product members who see the credit union as a partner in their financial journey. By fostering trust and financial empowerment, credit unions not only strengthen their bottom line but also reinforce their mission of serving members' needs beyond a single loan. In an era where consumers are bombarded with options, the credit unions that educate, engage, and provide real value will be the ones that stand out, earning lasting loyalty and stronger member relationships.

Want to learn more about engaging your indirect borrowers?

Call **626-545-5705** or email [**creditunions@itswoop.com**](mailto:creditunions@itswoop.com).