



HOW TO SERVE MEMBERS & BUILD NON-INTEREST INCOME



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HOW TO SERVE MEMBERS & BUILD NON-INTEREST INCOME



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About CBC Federal Credit Union

- Oxnard, CA
- \$753M in assets
- Over 27,000 members
- 110 FTEs
- 3 branches



The Challenge/Opportunity

- As many financial institutions reduce punitive fees and expenses increase, finding **member-friendly sources of non-interest income** is more important than ever.
- At CBC FCU, we saw starting an insurance CUSO as a great opportunity to **provide a service to members while generating non-interest income.**
- Members need insurance, the products dovetail nicely with auto and home loans, and **insurance tends to be the second-largest share of wallet** behind banking relationships.
- As the keeper of members money, **it's a natural progression** for the credit union to sell insurance.






Launching an Insurance CUSO

- We celebrated the **official launch** of our insurance CUSO, the CBC Insurance Agency, in **August 2021**.
- **The start-up process and costs can be significant** - including obtaining a business license with the Department of Insurance, state filing, insurance for the business, and Errors and Omissions Bonds.
- Credit unions need to have a **core system that will interface with the insurance side** and offer the ability to instantly rate a new prospect.
- Credit unions also need **the trust of the insurance carriers** to sell their policies.
- We found that **joining an insurance cluster** helped build our reputation much faster, which led to direct carrier access.
- Finally, to reduce training time, the CUSO **hired only employees that were already licensed and had some insurance experience**.

INSURANCE SOLUTIONS

We have you covered.

We love saving you money; let us take care of your insuring needs!

-  Auto, Recreational Vehicle, Motorcycle
-  Home, Renters, Condo, Landlord
-  Life, Business, Umbrella
-  Earthquake, Flood
-  Pet, and More!



Achieving Profitability

- For revenue to outpace expenses, the CUSO must **build new business and then renew it annually.**
- We expect it to take **two full years of renewals plus new business growth** to start operating a profitable program.
- In addition to diversifying the credit union's income streams with a new source of non-interest income, CBC Insurance Agency also provides **better options for members.**
- The counties we serve in California include several **underserved populations.**
- These individuals and families are always looking for ways to save money and **often find themselves underinsured.**
- The goal of our CUSO is to **help them save** and **explain their coverage options** so they can **make an informed choice.**

AFFILIATED WITH

Top Insurance Carriers



In partnership with master agency SIAA

The CBC Insurance CUSO's Insurance Carrier Affiliations

Benefits to the Members & the Credit Union

- The CUSO benefits the credit union, which recently received its CDFI certification, by offering a new stream of income in the form of **commissions** which range from 10% to 13% for policies written, **paid directly by the insurance carriers**.
- It also benefits the members as the CUSO works with multiple carriers and **helps members save money** and understand different options to **find the best deal**.
- Other insurance agencies often charge their customers broker fees as well as fees for updates like name changes. Our CUSO **does not charge any broker fees**, so the CUSO can save members money on their policy and help them save the fees they'd pay to shop around or write a policy through other providers.
- Broker fees can add up and have a negative impact on underserved communities. That's why we don't charge any fees to members and **educate them on the difference between the state minimums and better coverage options**.

Seeking Partnerships

- For credit unions interested in starting an insurance CUSO, building a book of business can be challenging. Seeking partnerships can help.
- In CBC's case, we were the **first credit union to join the Pacific Agents Alliance of SIAA**, a larger insurance company.
- This partnership allowed the CUSO to **get direct appointments with A-rated insurance carriers** such as Allstate, Metlife, Nationwide and others, for a fee, as we build our own book of business.
- We're also talking with other credit unions about potential partnerships. **Starting your own CUSO takes time and money.**

Meet Our Experts

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The CBC Insurance CUSO Team.

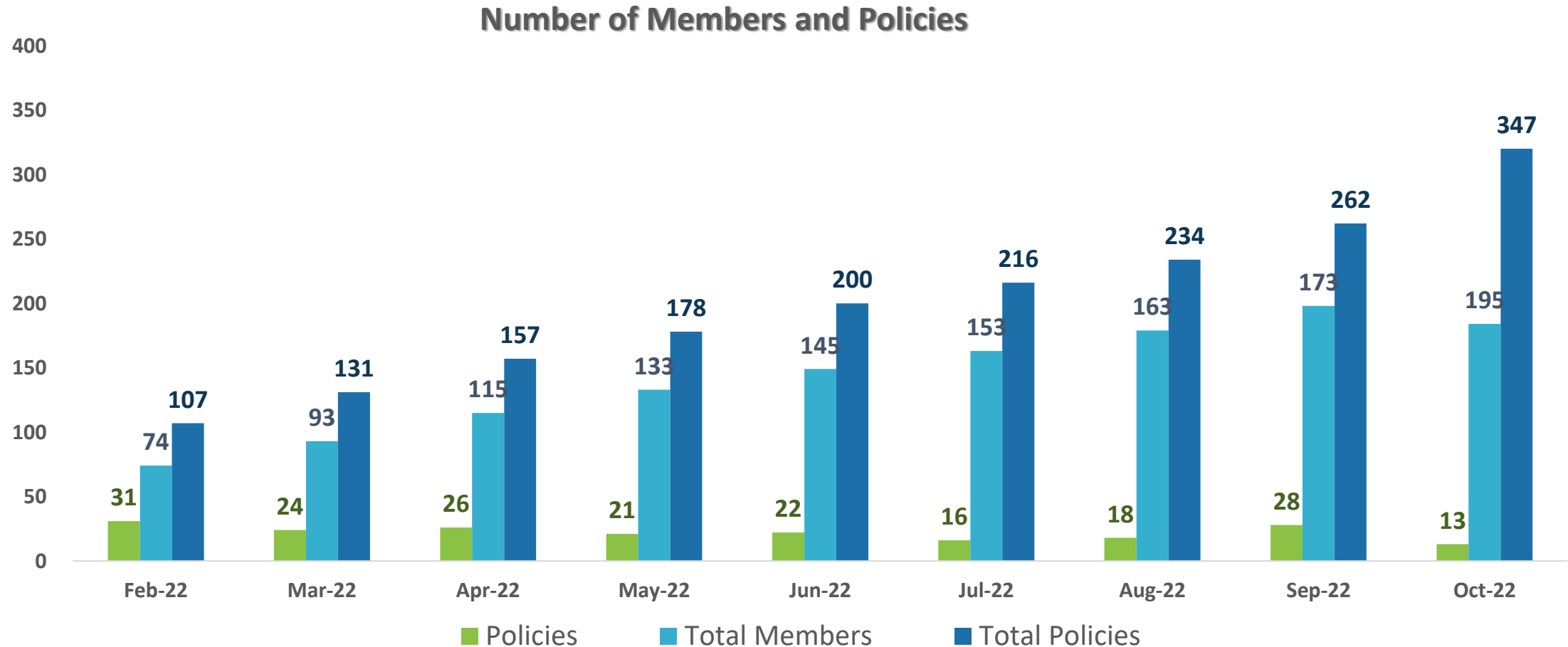
Convenience for Members & Non-Members

- CBC's CUSO offers insurance services **online, by phone, and in-person** by appointment at **all three branch locations**.
- Soon, the credit union will also offer **DMV registration services on-site** *for members and non-members* who want to pick up new registration stickers and take care of processing name and title changes.
- While they are there, they can see if CBC's insurance CUSO **can save them money on auto insurance**.
- For individuals whose license is suspended because their insurance has lapsed, the CUSO will be able to **write a new policy and release the suspension on the spot**.

Incentives for Using the CUSO

- The CUSO offers a range of policies but **auto and home loans are the main drivers of referral business.**
- When someone applies for a loan, the credit union staff member tells the borrower they can get their auto or homeowners insurance with CBC as well.
- The CUSO provides a free quote and an incentive - if they buy the insurance through us, we give them **0.25% off their auto loan interest rate.**
- On the home loan side, **members receive \$400 off their closing costs** if they use the CUSO for homeowners' insurance.
- The offer is attractive to members and **streamlines the credit union's evidence of insurance process** for mortgages and auto loans.

Member's of CBC Insurance Agency

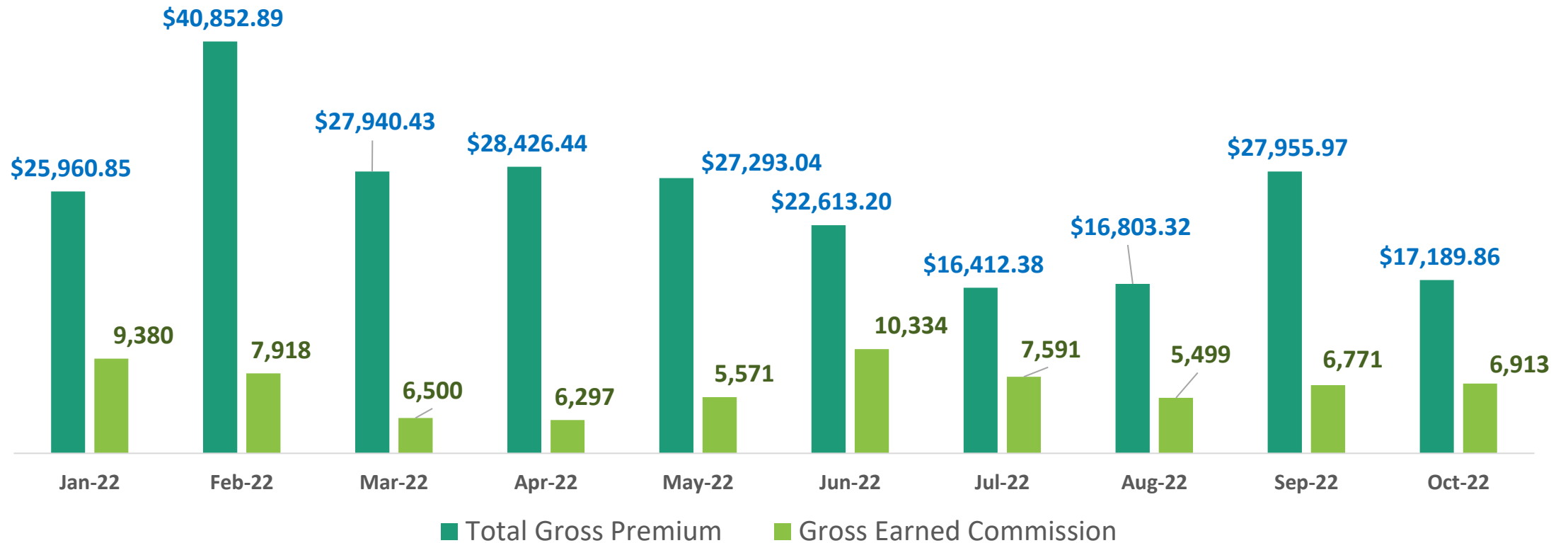


Results to Date

- We've already surpassed the **100-policy milestone**.
- As of early **November**, the CUSO had written **347 policies** primarily a mix of auto and home along with a few life and commercial policies for 195 members.
- However, **awareness is still a hurdle**. A lot of members still don't know we exist.
- We've got almost 30,000 members and can serve non-members as well, so there is a **big opportunity to let people know how we can help them**.

Member's of CBC Insurance Agency

Monthly Premium Written and Commission





Key Takeaways & Lessons Learned

- The biggest takeaway from our experience starting an insurance CUSO is that it can **begin on a small scale and build over time.**
- We originally thought we could launch the CUSO in three months, but **it took closer to 10 months.** COVID-19 didn't help matters, but the startup process **takes time and resources** even without a pandemic.
- Many credit unions stand on the fence for a long time, unsure if they want to get in the business or not. But that **uncertainty is unnecessary.**
- If a credit union has checked all the boxes in writing its business case, then **get started and stick with the discipline to see it through.**
- Roll-up your sleeves and begin the process. Once you build the right relationships to complete your journey, **your only regret will be not starting sooner.**

Q&A Discussion Period

THANK YOU FOR WATCHING



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