



## **SCIC ISSUES TIPS FOR BUYING AUTOMOBILE SERVICE CONTRACTS AND AVOIDING SCAMS**

(Tallahassee, FL) July 3, 2009 -- The Service Contract Industry Council (SCIC) today issued consumer tips and information on purchasing and using service contracts (sometimes called extended warranties) and avoiding scams. The SCIC ([www.go-scic.com](http://www.go-scic.com)) advocates for the regulation of the service contract industry and works with state legislatures and regulators to implement consumer protection laws.

“The vast majority of service contracts are sold by reputable, licensed companies that abide by current regulations, adhere to high principles of customer service, and are protected by financial reserves and/or insurance,” said Timothy J. Meenan, Executive Director, [SCIC](http://www.go-scic.com).

- Most service contracts are sold face-to-face at the point of sale from reputable automotive dealerships. Many reputable providers administer and service the contracts sold through these outlets, and also sell them independently, some via the Internet.
- **Do not buy** a service contract if the provider will not supply you with a copy of the contract terms and conditions prior to purchase.
- Be alert to service contract providers who use unsolicited mass marketing techniques, such as direct mail and telemarketing (e.g. “robo-calls”).
- Avoid purchasing service contracts if you feel overly pressured by sales personnel. Service contract coverage for autos can typically be purchased on the spot or days after the product purchase, giving consumers time to review the terms and research the provider.
- Thoroughly read and understand the terms and conditions of your service contract and fulfill all responsibilities related to regular maintenance, such as oil and filter changes, etc.
- Most service contracts provide a 30-day, “free-look” period for consumers to review the contract and return it for a full refund if they decide not to purchase the service contract.
- Consumers should locate the name of the service contract provider on the contract. If a contract does not list an administrator’s contact information, contact your state Department of Insurance or the Better Business Bureau to determine if the company is

authorized to do business in your state. Keep in mind that not all states regulate service contract providers and that many states that do exempt manufacturers from regulation.

- While many e-providers offer competitive pricing and reputable service, use caution when purchasing a service contract over the Internet and guard against “phishing” scams by knowing who you are giving information to.
- Maintain a dedicated file for contracts, receipts, and maintenance records and use the service contracts as often as needed and applicable to enhance product use and maximize investment.

### **About the SCIC**

The Service Contract Industry Council, [www.go-scic.com](http://www.go-scic.com), is a national trade association whose member companies collectively offer approximately 80 percent of the service contracts sold in the U.S. for home, auto, and consumer goods. Founded in 1989, the SCIC educates consumers about service contracts, encourages its members to pursue high standards of customer satisfaction, and has developed and promoted model legislation to regulate the industry with standards designed to protect the consumer and the industry.

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