



Extended Warranties from Bankrupt Auto Dealerships Remain Viable

Consumers Reassured as Presidents' Day Sales Commence

(Tallahassee, FL) February 13, 2009 – With hundreds of auto dealership closures nationwide – and more poised to close this year, the Service Contract Industry Council wants to assure consumers that service contracts from these dealers are viable and consumers should feel confident purchasing them during Presidents' Day sales and beyond.

“If a consumer has a service contract from a dealership that is closing or has gone out of business, the first thing to do is contact the dealer directly or the service-plan administrator whose name is located on the contract paperwork,” said Timothy Meenan, SCIC executive director. “Service contracts are covered by the motor-vehicle manufacturer and in most cases repair service is transferable to another dealership.”

Vehicle owners rely on service contracts (sometimes referred to as extended warranties) to pick up after the manufacturer's limited warranty expires, usually after three years or 36,000 miles. Service contracts also can cover essential yet costly-to-repair systems not covered by the manufacturer's power-train warranty, such as air conditioning, power windows, electronics, and navigation.

“Ninety-five percent of all auto service contract claims submitted annually to our member companies are covered,” said Meenan. “As the average age of vehicles on the road continues to increase and consumers seek to maximize value, service contracts can help consumers manage unexpected, expensive repairs and keep their vehicles reliable and safe longer.”

The SCIC works with state legislatures to implement consumer protection laws that ensure the viability of most service contracts should a retailer or dealer go bankrupt. Consumer tips and more information are available at www.go-scic.com.

Motor Vehicle Service Contracts by the Numbers in the U.S.:

10,000,000 – number of service contracts sold annually for both new and used vehicles

95% – percentage of annual claims covered under existing service contracts

30 – number of “free-look” days to review and return a service contract for a full refund

10,000 – number of components in a typical motor vehicle

\$4,000 – approx. cost to replace an integrated computer unit or repair air conditioner

\$2,500 – ... transmission

\$1,000 – ... transaxle

\$650 – ... power steering

\$500 – ... alternator

About SCIC

The Service Contract Industry Council, 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. 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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