

# AUTO INSIGHTS



Auto and driver risk management tips provided by: The CIMA Companies, Inc

## Did You Know?

In recent months, the Federal Trade Commission (FTC) has investigated and filed suits against vehicle service contract providers for misleading sales tactics and unethical business practices.

## EXTENDED WARRANTY TRAPS

Consider the following *before* purchasing a vehicle service contract:

- **Is the contract easy to comprehend?**  
Read the contract before purchasing and make sure that you fully understand the scope of the coverage.
- **Are the coverage terms and limits applicable to your situation?**
  - Do the term and mileage restrictions coincide with how long you plan to own the vehicle?
  - Are you comfortable with the deductible?
  - Can you cancel the contract if you sell the vehicle or want to terminate it? If so, what penalties and refunds are applicable?
- **Which company is providing coverage?** Consider providers that deal with reputable insurance companies who are licensed with an "Excellent" rating from A.M. Best Co. (rating agency for the insurance industry). Visit [www.ambest.com](http://www.ambest.com) for more information.
- **What is the process for receiving coverage benefits?** Reputable companies will make the repair process simple for their consumers.
  - Are there restrictions on where repairs can take place?
  - How are claims paid?

## Safety First

Before making an extended warranty purchase, make sure you are fully comfortable with the provider. They should be nationally recognized and have demonstrated a firm commitment to their customers for many years.

Also, do not get duped by a low price. If it seems too low for the amount of coverage that you will be receiving, the contract is probably too good to be true!

The CIMA Companies, Inc  
[www.cimaworld.com](http://www.cimaworld.com)  
(703) 739-9300



This flyer is for informational purposes only and is not intended as professional advice.  
© 2009, 2013, 2016 Zywave, Inc. All rights reserved.