

EXTENDED WARRANTY COVERAGE

Ralph Seekins

Question: I got a notice in the mail that the warranty on my car is about to expire and that I can purchase an extended warranty from them. Is this a legitimate offer?

Answer: I doubt it. It could just be one of the latest scams.

All major automobile manufacturers offer warranties with their new vehicles that are included in the price of the car or truck. It probably states that for a certain term in time or mileage, the manufacturer will replace any part found to be defective in materials or workmanship. After the time or mileage limitation has elapsed, the manufacturer is no longer liable for any repair. There are base warranties, emissions warranties, tire warranties, paint and sheet metal warranties, and more. All are carefully explained in the warranty guides provided with the new vehicle at time of sale. Those coverages are probably also available on the manufacturer's web site. And some manufacturers, like Ford for example, provide similar limited warranties on certified pre-owned vehicles.

The people who sent you their "urgent" solicitation are most likely NOT ASSOCIATED WITH THE MANUFACTURER of your vehicle. And what they are offering is probably a service contract (a type of insurance policy) rather than a warranty. The same goes for the people who call your home phone with the same "urgent" solicitation. And, in my opinion, there is a 99.99% probability that what you would get if you purchased their product is not what you think you would be getting.

I've played along with several of these so-called warranty solicitors. They tell me that the warranty on my vehicle is about to expire and that if I purchase the "warranty" they are offering (in some cases that they are brokering) I can get amazing coverage and have the work done at any dealership across the country. WRONG!

First, they didn't have *any* information about *any* car or truck that I own. They were fishing. And then I know, after more than 40 years in the automobile business, that most dealerships (ours included) will not normally honor the "Extended Warranties" offered by these third party companies. Too many dealerships (ours included) have been burned by these third party companies not paying for work performed and so most dealerships require the owner to pay up front and collect from the company they bought from.

A good number of Alaskans got burned a few years back when one of these Missouri companies went belly up and left them with nothing more than a very expensive piece of paper. In other cases, the whole process is a scam from the very beginning and buyers never get any coverage at all. This is definitely not what you or I want to happen. You should absolutely get some value for your money.

In our Alaska environment, an extended service plan is a good thing. There are a variety of plans available. But, I highly recommend that, if you are in the market for extended coverage, you first look at manufacturer backed offerings that really are good at dealerships from coast to coast across the U.S. and Canada. Some compliment base warranties by providing, for example, roadside assistance, rental assistance, and scheduled maintenance. Others cover a vehicle after the manufacturer warranty has elapsed and also provide a menu of the options mentioned above.

Be careful out there and do some research on the coverage you want and about who is selling it. You can come out thousands of dollars ahead.