



Service Contract Industry Council Amends Model Act to Fight Deceptive Marketing of Automotive Extended Warranties

SCIC Appears Wednesday before Missouri AG's Auto Service Contract Task Force

June 22, 2010 -- (Tallahassee, FL) -- [The Service Contract Industry Council](#) (SCIC) today announced it has updated and strengthened its Model Act for the regulation of the service contract (or extended warranty) industry, particularly as it pertains to the motor vehicle market.

In addition, the SCIC announced its participation with the Missouri Attorney General's Auto Service Contract Task Force, which is investigating service contract scams by select St. Louis-based marketing companies and providers. SCIC representatives are scheduled to appear before the task force tomorrow in the city of Lake Saint Louis, Missouri, to discuss proposed solutions to the recent proliferation of unethical marketing practices by a handful of companies.

"The enhanced model legislation contains more direct language and broader prohibitions against deceptive marketing practices by unscrupulous providers," said SCIC Executive Director Timothy J. Meenan. "These changes give state regulators added muscle for regulating the industry and protecting consumers.

"The SCIC is proud to be a steward of the service contract industry and believes these amendments provide regulators the additional tools necessary to ensure consumers are protected when purchasing a service contract," Meenan said.

The revisions to the [Model Act](#) are broad-based and include among other things:

- Requirement for providers to supply consumers a copy of the contract prior to sale;
- Inclusion of vehicle additive product warranties as a product regulated under the Model Act;
- Prohibitions on a provider misrepresenting its affiliation with a motor vehicle manufacturer; and
- Clarification regarding a consumer's rights when canceling a contract.

Since 1988 the SCIC has worked directly with state legislatures nationwide to regulate the licensing of service contract providers and implement stringent financial safeguards. Currently, 35 states have adopted the Model Act in some form to regulate providers of motor vehicle extended warranties.

State laws based on SCIC model legislation were instrumental in protecting consumers with service contracts in 2009 following the closure of hundreds of auto dealerships nationwide. Most of these consumers experienced no disruption to their vehicle protection, since the contracts were purchased, administered and/or backed by independent, licensed providers and insurers regulated by state insurance commissioners.

About the SCIC and the Model Act:

The SCIC was founded in 1988 in response to the increasingly cumbersome patchwork of regulation of the service contract industry. Initially the SCIC monitored state and national legislative and regulatory activities on behalf of its members and the public. As the service contract industry began to flourish, the SCIC shifted its focus to the development of regulatory standards that protected the consumer and maintained the integrity of the industry.

The [SCIC Model Act](#), a legal framework whereby service contracts (extended warranties) are defined, may be sold and are regulated on a state-by-state basis, incorporates enhanced financial solvency standards for providers, and has been adopted by the National Association of Insurance Commissioners. It includes significant consumer protections and promotes balanced, consistent regulation of the service contract industry.

SCIC members include prominent manufacturers, insurers, retailers, providers and administrators of service contracts, who collectively sell or administer approximately 80 percent of all appliance, consumer electronics, home, and motor vehicle service contracts sold annually in the U.S. Nearly 10 million automobile extended service contracts are sold annually, and approximately 95 percent of claims submitted to SCIC member companies are resolved to the customer's satisfaction.

For more information: www.go-scic.com.

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