



## **New Law Addresses Auto Extended Warranty Scams Protects Consumers, Language Based on SCIC Model Act**

July 7, 2011 -- (Tallahassee, FL) – Legislation signed into law today by Missouri Governor Jay Nixon includes important consumer protection language drafted by the [Service Contract Industry Council](#) (SCIC) in conjunction with the Missouri Attorney General and impacts consumers nationwide.

[Missouri Senate Bill SB132](http://www.senate.mo.gov/11info/BTS_Web/Bill.aspx?SessionType=R&BillID=4082048), [http://www.senate.mo.gov/11info/BTS\\_Web/Bill.aspx?SessionType=R&BillID=4082048](http://www.senate.mo.gov/11info/BTS_Web/Bill.aspx?SessionType=R&BillID=4082048), is the result of the State Attorney General’s Task Force on the Motor Vehicle Service Contract Industry, which convened over a year ago. The law is designed to prevent companies from using deceptive or unethical marketing practices to sell motor vehicle service contracts, also known as auto extended warranties. The new law takes effect January 1, 2012.

“The SCIC worked closely with Missouri Attorney General Chris Koster to investigate and address misleading marketing practices of select St. Louis-based companies, including US Fidelis,” said Timothy J. Meenan, executive director of the SCIC. “At the urging of the SCIC, specific language in the bill prohibits individuals or companies from engaging in false, deceptive, or misleading conduct with respect to a motor vehicle extended service contract program, and authorizes restitution to any victims.”

The SCIC collaborated with the Attorney General’s Office to draft a bill that more clearly specifies consumers’ right to a refund if they cancel a motor vehicle service contract. The SCIC model language also requires consumers to receive a copy of the terms and conditions of a contract prior to sale.

In addition, the SCIC worked extensively with Assistant Attorney General Doug Ommen to create a new licensing framework for Missouri-based businesses and individuals selling motor vehicle service contracts. With Missouri becoming a hotbed for deceptive direct mail and telemarketing campaigns, the new licensing provisions allow Missouri regulators to actively monitor the sale of service contracts to consumers from the state to ensure businesses and individuals are complying with all applicable law and, if not, that appropriate action be taken.

According to Meenan, “Although current law provided a cancellation right, SCIC Model Act language clarified the rights of the consumer and the obligations of a provider.”

The Service Contract Industry Council works directly with state legislators nationwide to regulate the licensing of service contract providers and implement stringent financial safeguards. Currently, 36 states have adopted the [SCIC 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 Service Contract Industry Council was founded in 1988, initially to monitor 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 to protect consumers and sustain 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. The Model Act 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, including consumer tips on buying and using service contracts: [www.go-scic.com](http://www.go-scic.com).

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