WARRANTY SOLUTIONS®

7125 W. Jefferson Avenue, Suite 200
Lakewood, CO 80235

T: 303-987-5500

Recognizing Suspicious Activity

Vehicle Service Contracts and Claims

The following table describes common red flags that Warranty Solutions team members and external business partners may encounter when working with dealers or consumers. NOTE: These are not the only types of red flags that may be encountered when a questionable situation arises; contact Warranty Solutions Special Investigations Unit (SIU) by telephone at (303) 987-4181 for Brandon McLaughlin or by email at siu@warrantysolutions.com.

Red Flag	Details
Early Claims	Claims submitted within the first 30 days of receipt of a Vehicle Service Contract (VSC) application is a red flag that the dealer may have sold the VSC to cover a pre-existing condition which is excluded per the VSC terms and conditions. Request proof of vehicle & VSC purchase for these types of claims to verify the vehicle meets eligibility guidelines.
Contract Not On File (CNOF)	Claims received for a contract the dealer never submitted to Warranty Solutions. A reoccurring pattern indicates the dealer may be holding contracts in hopes there is not a claim so they never have to remit payment to Warranty Solutions. The most common contracts selected for this scheme are for shorter terms like 3/3, 6/6, 12/12 and 24/24.
Contract Alteration	The VSC coverage is altered after the purchase of the vehicle without the consumer's knowledge, usually resulting in less coverage submitted to Warranty Solutions. This commonly happens when a dealer makes a pricing error, and reduces the coverage to offset the mistake.
Dealer Failure To Refund Cancellation Refund	Sometimes, a dealer may only refund the Warranty Solutions portion of a Vehicle Service Contract to the consumer or the lien holder. This is not acceptable; the dealer must honor the terms and conditions of the VSC regarding refunds. The Vehicle Service Contract is between the consumer and Warranty Solutions; a dealer cannot keep any portion of the refund. Warranty Solutions offers a Dealer No Chargeback program for a small fee which covers up to $1000 of the dealer's profit.
Misrepresentation Of Coverage	The dealer tells the consumer everything is covered by the VSC, when in actuality the dealer only sold the consumer powertrain coverage. Warranty Solutions provides several sales tools to assist the dealer in ensuring coverage is accurately explained at the time of purchase. Contact your Client Relationship Manager (CRM) at **1-800-828-1392**.
Back Dated VSC Effective Date	A dealer usually does this to hide an early claim by back-dating the VSC more than 30 days. This makes the vehicle's failure appear to have happened a few months after the purchase of the vehicle.
Ineligible Transfers	A dealer attempts to transfer a VSC to a new owner after the vehicle was traded in and resold by the dealer.
Claim Submitted On	A dealer receives a vehicle trade-in with a VSC purchased by the previous owner

Vehicle Service Contracts issued by WS Aftermarket Services Corporation and administered by Warranty Solutions Management Corporation. In Florida, Wisconsin, Arizona and Alaska, issued and administered by Warranty Solutions Administrative Services, Inc. (Florida License #60079). In Louisiana, issued by AMT Warranty Corp. and administered by Warranty Solutions Management Corporation. Also issued by Heritage Mechanical Breakdown Corporation in Florida (Florida License #60072). All contracts insured by Heritage Indemnity Company (CA C of A #08549), P.O. Box 140057, Denver, CO 80214-0057.

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Vehicle Trade-in	and attempts to use it to recondition the vehicle.
Plan Issue	A plan issue is selling a product that provides little to no value to a consumer. **Examples:** • A 2009 Nissan Xterra comes with a 36-month/36,000 mile full manufacturer warranty and the dealer sells a 12 month/12,000 mile term contract effective January 1, 2010 with 14,000 effective miles. The Warranty Solutions VSC will expire prior to the full manufacturer warranty. • Selling a powertrain contract on a new Kia or Hyundai that comes with a 10-year/100,000 mile manufacturer powertrain warranty.
Wrap Issue	Wrap contracts are low-cost non powertrain options for vehicles that come with extended manufacturer powertrain warranties allowing the dealer to provide additional coverage beyond the remaining manufacturer powertrain warranty. If the dealer sells a wrap term that exceeds the remaining manufacturer's powertrain warranty, the consumer is exposed, with no powertrain coverage from Warranty Solutions or the manufacturer. **Examples:** • A 2007 Chevrolet pickup comes with a 60-month/100,000 mile powertrain warranty and the dealer sells a 60/100 wrap contract, effective January 1, 2010. The vehicle is 3 years old at the time of purchase, thus only 2 years of manufacturer powertrain warranty remains, leaving the consumer without powertrain coverage for 3 years after the manufacturer powertrain warranty expires. A 24-month/100,000 mile term contract is a more suitable choice. • A 2010 Toyota Camry comes with a 60-month/60,000 mile powertrain warranty and the dealer sells a 120 month/150,000 mile wrap contract effective January 1, 2010 leaving the consumer without powertrain coverage for 60 months or 90,000 miles.
Term Issue	Selling a new car term which expires at term odometer providing little to no coverage past the effective odometer. **Example:** • A 2006 Mercedes Benz comes with a 48-month/50,000 mile full and powertrain manufacturer warranty. At the time of purchase the vehicle has 45,000 miles and the dealer sells a 36-month /60,000 mile new car term warranty which expires at 60,000 miles, leaving the consumer with only 10,000 miles of coverage.
Rejected Contract Never Rewritten	The dealer sells ineligible coverage, resulting in a rejected contract. The dealer keeps the consumer's money and fails to provide coverage.
Commercial Use	The dealer knowingly sells a new vehicle used for business purposes without commercial use coverage, or the dealer knowingly sells a used vehicle used for business purposes which is not eligible for commercial use coverage. The service department fails to disclose the vehicle is equipped for business purposes, and commercial use coverage was not purchased.

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Modified Vehicle	The dealer knowingly sells a modified vehicle, which is not eligible for coverage. The service department fails to disclose the vehicle is modified, which makes the vehicle ineligible for coverage.
Grey Market Vehicles	A grey market vehicle is any vehicle that was not originally manufactured to meet US Safety and Emission Standards. Most common occurrences involved are vehicles manufactured in Canada.

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