

SEVEN KEY FACTORS WHEN CONSIDERING A VEHICLE PROTECTION PLAN

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Choosing to purchase a vehicle protection plan is ultimately a personal decision.

Generally speaking, a vehicle protection plan or vehicle service contract covers the cost of certain repairs and problems after the original manufacturer's warranty expires. After your manufacturer's warranty expires, the alternative to purchasing a vehicle protection plan is to "self-insure". This means that you're aware of the risks and you choose to be responsible for assuming the cost of mechanical breakdown should it occur after the manufacturer's warranty expires.

The question of whether or not extended protection is right for you is not always an easy one. For this reason, many of our website visitors choose to speak with an autopom! Coverage Consultant to help them decide if extended protection is a good choice for them.

Our friends at BestCompany have also put together an exclusive e-book on car warranties that you can refer to throughout your process.

Here are some things to consider in determining if a vehicle extended protection plan is right for you:

1. The manufacturer's original warranty
2. The age and mileage of your vehicle
3. The reliability record of your vehicle
4. How many miles you drive annually
5. How long you plan to own your vehicle
6. Your risk tolerance
7. Your financial ability to pay for unexpected repairs

1. Manufacturer's Original Warranties

Before considering extended coverage for your vehicle, it is important to know the manufacturer's original warranties. Most new vehicles come with these standard limited warranties:

- **Limited Basic Warranty:** This warranty is typically 36 months/36,000 miles. It typically includes all components other than normal wear and maintenance items.
- **Limited Powertrain Warranty:** Typically 60 months/60,000 miles and typically include the engine, transmission/transaxle, front-wheel drive and rear-wheel drive components.
- **Additional Warranties:** Rust warranty, tire warranty, emissions warranty, battery warranty, etc. These can vary according to manufacturer.

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You will want to consider the remaining time and mileage on the manufacturer's warranties, and how long you plan to keep the vehicle, to determine your need for a vehicle protection plan. Remember, the manufacturer's original warranties will expire whenever time (months) or mileage (whichever comes first) reach the thresholds advertised by the manufacturer.

If you're going to purchase extended protection, it is best to purchase before the manufacturer's original warranty expires. The earlier you purchase the extended protection the less it is going to cost and you will get better coverage.

2. Age and Mileage

New Vehicle

If you're purchasing a new vehicle then perhaps your decision to buy an extended warranty from the manufacturer/dealer can be deferred for awhile. A typical manufacturer's warranty will provide 3 years or 36,000 miles of good coverage. This gives you plenty of time to consider your options. However, the dealer will most likely try to convince you that you need to purchase extended protection right now.

My advice to you is to wait. You can get a much better deal with better coverage for less money if you purchase from your local credit union or a reputable third party provider like autopom! A [vehicle protection plan can be purchased at any time](#) as long as the manufacturer's warranty is still in force and often times coverage can still be purchased long after it has expired (there is a waiting period of 30 days/1,000 miles for vehicles outside of manufacturer's warranty). Keep in mind that the cost of a vehicle protection plan increases with the age and mileage of the vehicle.

Used Vehicle

If you're buying a used vehicle then you need to take into consideration the age and mileage of the vehicle and the remaining manufacturer's warranty, if any.

If the vehicle's original warranty is approaching expiration based upon age or mileage (whichever comes first) then you might want to seriously consider a vehicle protection plan. Even if there's a couple of years and several thousand miles left on the original warranty you should seriously consider buying coverage for your vehicle. Since you're not the original owner of this vehicle, you want to let someone else assume the lion share of risk of mechanical breakdown and repair.

Remember, you don't have to purchase extended protection from the dealer (regardless what the dealer says). Check your third-party alternatives for value and reputation.

3. Reliability Record

It is easy to find out about a product's reliability in the age of the Internet. All you have to do is check with a community of people that have the same product. People in these

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groups tend to be very outspoken. In the case of automobiles one such community is Edmunds.com. Other reliable sources include:

- Better Business Bureau
- Trustpilot.com
- Google Reviews

Before making a decision on extended protection, use the resources at Edmunds.com to research your specific model for known problems. Certain cars are known to be unreliable, making the extended protection decision a no-brainer.

Here's two additional resources to check the reliability record of your vehicle:

- Autos.msn.com
- U.S News and World Report

4. How Much You Drive Annually

A typical manufacturer's warranty covers 36,000 miles or three years. That assumes 12,000 miles a year. If you drive more than that, and most people do, it may be a good idea to invest in extended protection.

For example, if you drive 20,000 miles per year (instead of 12,000) your warranty would expire in 1.5 years (instead of three) due to the mileage reaching 36,000 miles. Remember it is the case of whichever expires first – years or miles. On the other hand, if you drive less than 12,000 miles per year then your warranty will expire in three years.

5. Length of Ownership

If you plan to own your vehicle for several years after the manufacturer's warranty is due to expire, you definitely want to consider buying extended protection. On the other hand, if you like to trade up every couple of years then you may not need the extended protection.

6. Risk Tolerance

Some people have a high tolerance for risk and do not worry about "what might happen" tomorrow "C'est la vie" they say. Other people need some degree of peace of mind. Some say that this is the main thing that a vehicle protection plan provides – peace of mind. You probably know which type of person you are.

7. Financial Ability To Cover Unexpected Repairs

If you happen to be in a financial position that will allow you to pay for your own repairs without breaking the budget then great! You may not need extended protection. This is

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called being self-insured. On the other hand, if an unexpected major repair would seriously disrupt the family budget then you might want to consider the extended coverage.