



A USED CAR COVERAGE GUIDE:  
*choosing the right extended  
warranty for your vehicle*



The percentage of people who keep their cars longer or buy used cars has trended upwards since 2019. In fact, the price of a used vehicle has increased by 10% in the last year because of the [influx in sales](#).

One thing to think about when rocking a used car is that a major mechanical breakdown could be lurking around the corner. Often used cars don't come with extended warranties or coverage that rolls from one buyer to the next, therefore leaving you to consider extending coverage with a mechanical breakdown coverage provider. While paying a monthly amount that fits your financial situation might be a great way to go, extending your car's coverage comes with many questions. In this guide, we do our best to answer key questions that one might have when searching for extended warranty solutions.

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## when does extended coverage start on a used car?

*For many people, learning all there is to know about extended warranties can be a lot to digest. What is a warranty? When do you buy? Who do you buy from? What are the differences that you need to be aware of? What are key benefits to consider? It is a lot to take in!*

*The first step is learning what-is-what in the realm of warranty solutions.*



### **original equipment manufacturer (OEM)**

An OEM or Limited Factory Warranty will be issued with the purchase of a new car. Each auto manufacturer has individual terms and conditions that apply to their new vehicle. Most warranties guarantee that the new vehicle is free from defects in materials and workmanship. If a repair is deemed as defective, the OEM kicks in to repair the issue, most of the time. Parts and labor are usually covered for an agreed upon time, most commonly 3 years and 36,000 miles, whichever comes first. To understand your individual brand vehicle's terms, see your local dealer or visit their website for warranty information. Pay attention to exclusions if any.



### **certified pre-owned (CPO) coverage**

Most used vehicles, when purchased from a car dealership, come with Certified Pre-Owned warranty coverage. This usually means the vehicle has passed a rigorous set of inspections that the dealership conducts. Warranty coverage varies per car make and model. Just like any warranty, you should pay attention to the restrictions. Typically, repairs need to be conducted at the dealership where you purchased the vehicle. These warranties provide peace of mind when buying a used vehicle from a dealership.

## ***when should I buy extended coverage?***

Regardless of how well built your vehicle is, unexpected problems are bound to arise. For many, their vehicle is their lifeline. The idea is to pick up extended coverage once your OEM expires. This will give you constant coverage in case an auto repair is needed. As with any plan or policy of this type, you may never use the coverage. However, when you do have an unexpected breakdown, extended breakdown coverage can save you thousands of dollars per repair. Peace of mind is worth the investment if you can't afford for your vehicle to be down for the count.

***what is  
extended  
coverage?***

***when do  
you buy?***

***who do  
you buy  
from?***



# 2

## *what are my choices for extending the coverage on my used vehicle?*

Extending your vehicle coverage is not one size fits all, so it's important to understand the available options. The first thing you should know is that when you purchase an "extended vehicle warranty," you are actually buying a "Vehicle Service Contract" (VSC) or "Mechanical Breakdown Insurance" (MBI).

What many think of as "extended car warranties," VSCs and MBIs can help people feel more comfortable about buying or keeping slightly older cars. Some providers offer monthly payment options that help used vehicle owners avoid expensive repairs while receiving the same benefit they would expect from a new car manufacturer's warranty. So, what is the difference between the VSC and MBI?

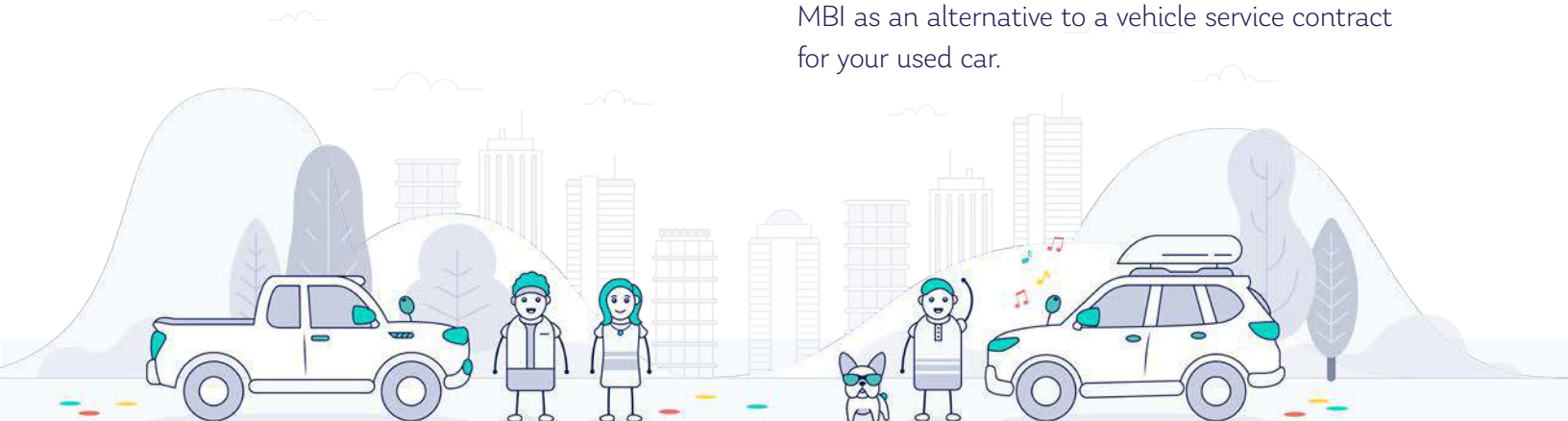
### ***vehicle service contract (VSC)***

A vehicle service contract is a paid plan that helps cover the costs of any repairs needed once the manufacturer warranty has expired. As your vehicle ages, the likelihood of it needing repairs rises. The biggest benefit of obtaining a vehicle service contract is the potential savings on unforeseen repairs for a car that is no longer covered by a factory warranty.

### ***mechanical breakdown insurance (MBI)***

Another type of vehicle breakdown coverage is mechanical breakdown insurance (MBI). While this type of coverage is similar to a vehicle service contract, the difference is that mechanical breakdown insurance is an insurance product as opposed to a warranty or service contract and is regulated by the Department of Insurance.

Depending on your state, and its regulatory approach to such products, you may be offered MBI as an alternative to a vehicle service contract for your used car.







## *does my used car qualify for coverage?*

Not all vehicles can be covered due to the vehicle's age, make, model, or year. Additionally, there is often a mileage restriction that can determine coverage. Fortunately, you can do your research and get a quote to determine if your car qualifies. Remember, some companies require an inspection to activate your plan or policy, so keep this in mind if you are looking for fast coverage.

If your car does qualify, be knowledgeable about how long your vehicle will be covered. Many policies will protect your vehicle for a set number of years to the predetermined mileage restriction or model year, whichever comes first.

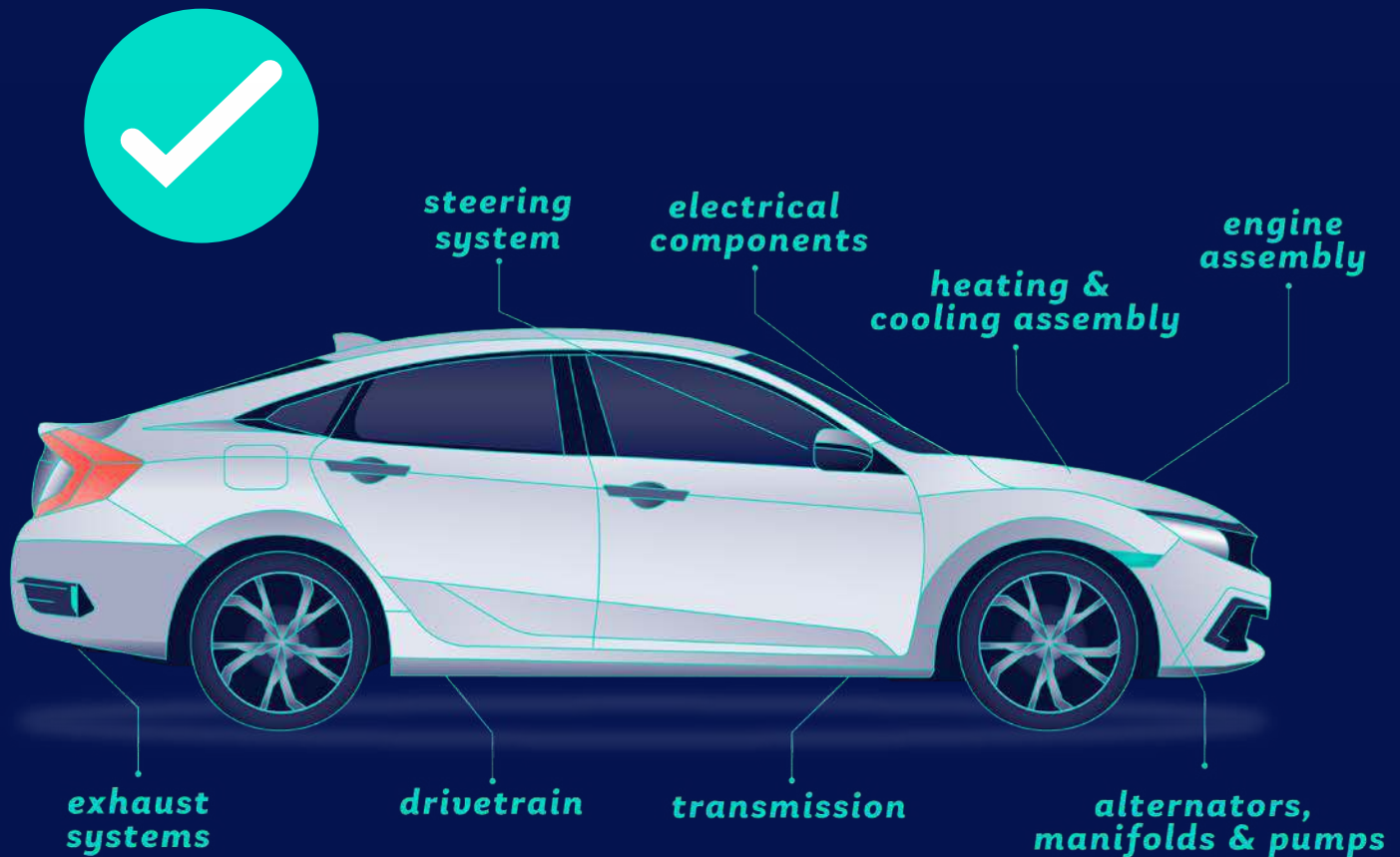


**PRO TIP:** *Take the time to determine if the cost of coverage is right for your used car.*

# 4

## *what does an extended coverage plan include?*

When looking for coverage plans for your used car, it is important to know the deductibles and items covered. The plans usually offer different coverage levels and are designed to fit within your personal budget. Below is a general list of example items covered under mechanical breakdown coverage solutions.

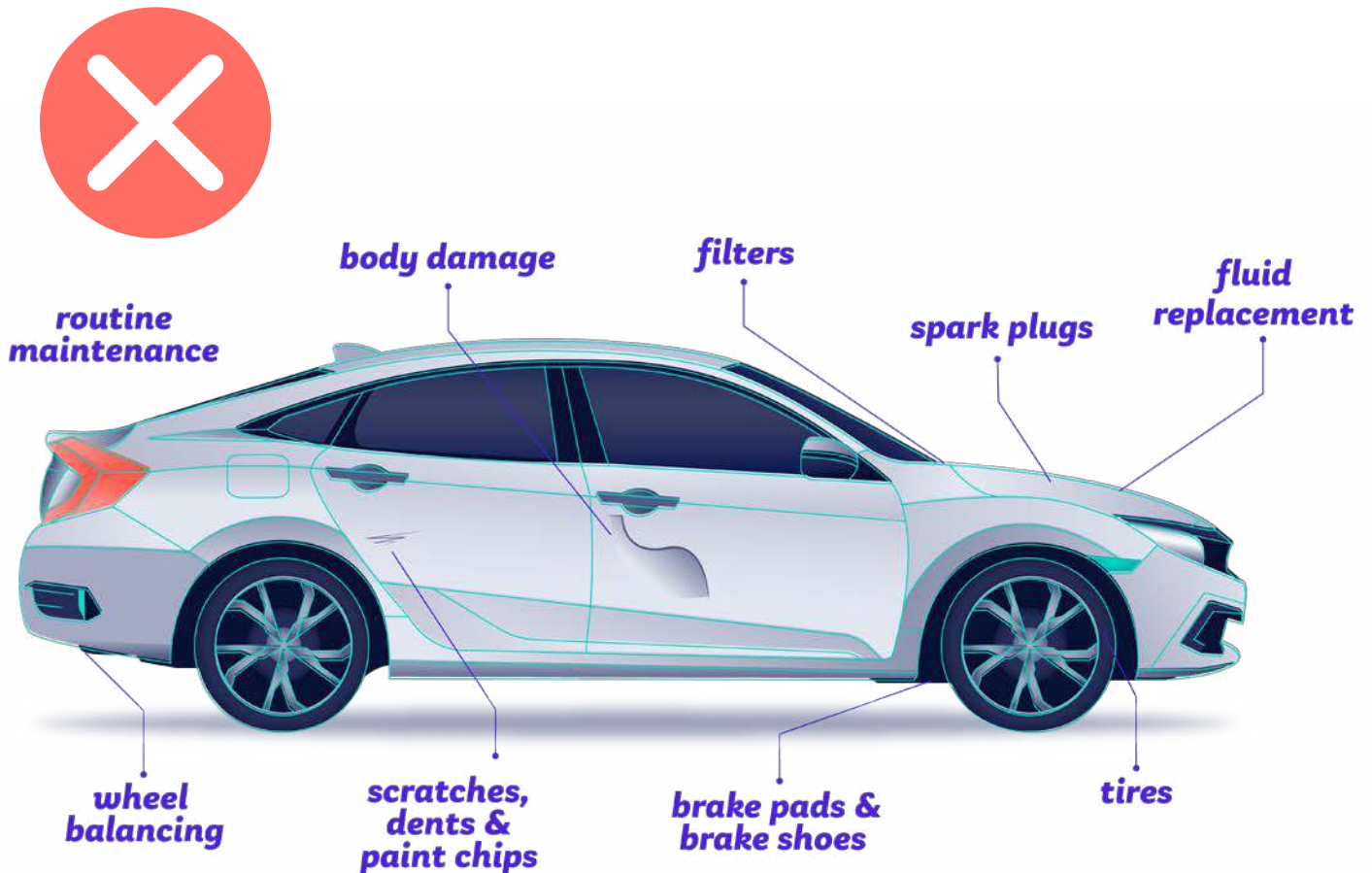




# 5

## *what's not included in a used car extended coverage plan?*

Extended breakdown coverage is not designed to cover regular maintenance or body damage due to an accident. Those are covered under maintenance plans and your regular car insurance. Extended coverage picks up where your car insurance ends. Most policies and plans exclude items like the following.



The above items fall under service and routine maintenance and/or car insurance.

# 6

## do I need extended coverage on a used car?

Common sense tells us that if you can afford to repair your vehicle when it breaks down or when those repairs are needed then you may not NEED extended coverage. In other words, can you afford to self-insure your car? One thing to consider is how difficult cars and trucks are to understand nowadays. Between electrical sensors, computer components, and microchips, vehicles are more complex than ever. Many claims can cost thousands for one repair issue.

***Every situation and vehicle is different! It comes down to several questions.***

*Does the used vehicle purchased have a remaining OEM warranty?*

*Is your car make and model prone to repairs?*

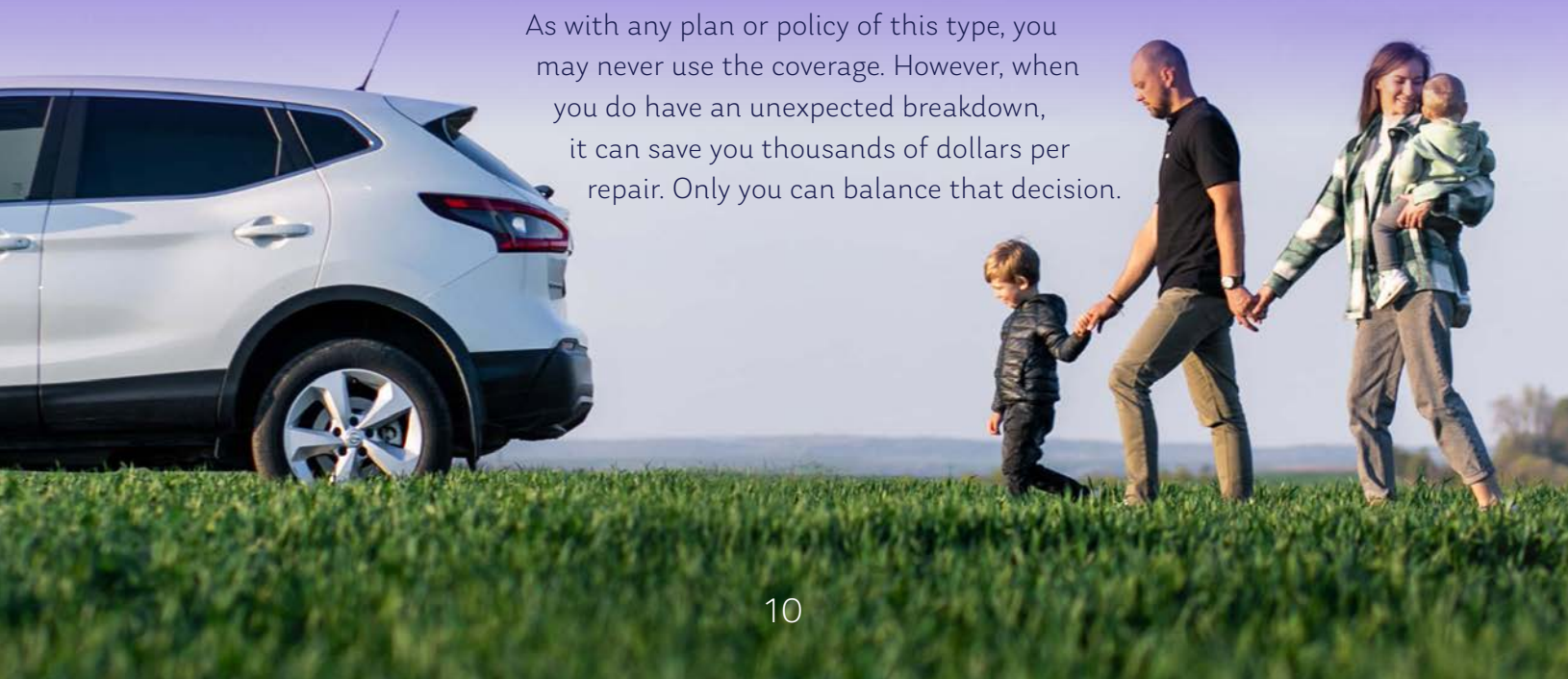
*How long do you plan to drive your vehicle?*

*Do you add a lot of mileage on your vehicle?*

*What are your personal budgeting habits and can you self-insure?*

Most importantly, if an unexpected breakdown occurred today, would it break your budget?

As with any plan or policy of this type, you may never use the coverage. However, when you do have an unexpected breakdown, it can save you thousands of dollars per repair. Only you can balance that decision.



## how much is extended coverage on a used car?

This is not an easy question to answer. Extended coverage can range from \$20 – \$800 per month. Pricing is determined by your make and model, the mileage on your vehicle, and the year your model was built. Below are some other factors to research when comparing coverage.

### **deductible options**

The more the deductible, the less overall cost for coverage. Look out for deductible classifications. Some auto extended coverage companies charge a deductible for every “repair item” – meaning your deductible starts over for every part instead of every “repair visit”.

### **yearly mileage restrictions**

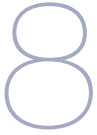
The average person drives 13,500/year. Many extended vehicle coverage plans (MBIs and VSCs) have a yearly limit on the miles you can drive and still be covered. Many standard packages only cover 10,000 miles/year; they may offer more expensive packages to cover more miles.

### **where can you take your car to be fixed?**

An important item to note is the coverage area and, if traveling, where you can take your vehicle. Reputable MBI/VSC companies allow you to take your car to any certified repair shop. Since most repair shops are approved, you should have a large number of mechanics, dealerships, and garages to choose from whether you are commuting in your local area or traveling far from home.



**PRO TIP:** *Do you know your vehicle’s repairability? Some vehicles are prone to engine repairs, transmission problems or general automotive concerns. It helps to know the vehicle’s potential issues before you buy. It can be especially helpful when determining if extended coverage is needed. The cost will vary between provider to provider. Luckily, most extended coverage providers will give you a quote based on your vehicle’s stats and your individual needs.*



## do they offer payment options?

When you are at the dealer, you are usually offered the option of rolling the cost of the MBI or VSC into your auto loan. If you are comfortable with the price they are charging for the coverage, it can be a convenient way to go. Keep in mind that financing your coverage over your loan's life increases your coverage cost overall.

### ***if you don't buy it from the dealer you have a few options:***

- *Pay for the plan in its entirety*
  - *Pay a down payment, and then a smaller amount monthly*
  - *Pay-as-you-go with evenly distributed monthly payments for the term of the plan*
- 

One of the major advantages of many pay-as-you-go plans is the ability to cancel any time. If you sell your car, need to cut back on expenses or just don't feel you need the coverage anymore, make sure the company you select allows you to cancel at any time.

### ***if you have monthly payments, know the terms of your contract.***

- *Is the price fixed for the life of your contract?*
- *If you cancel early, do you owe the balance?*
- *Usually if a monthly plan is in place, your payment is FIXED for the term. Make sure to watch for rises in price throughout the term.*



**PRO TIP:** Look for flexible companies with payment and cancellation options that fit your budget and needs in the long-term. Before buying, know your plan and how to get out of it if the need arises.

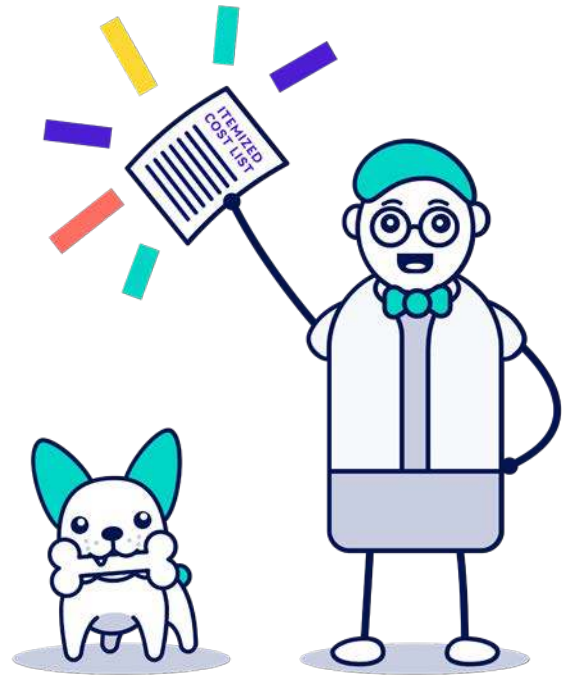
## what is included in the price?

We suggest getting quotes from more than one company and comparing prices, plan options, terms, and deductibles. While doing so, make sure to note the ease with which you found your information. ***The easier information is to find, the more transparent the company.***

A company that gives a lot of the information upfront and has approachable customer service when buying is more likely to offer the best extended coverage. You don't want to try calling a company in a crisis that was hard to get a hold of when you were offering them money.

In your search, get an itemized cost list for coverage. This prevents you from thinking you are paying one rate and later finding it is a quote for a shorter period. It also makes it easy to establish the particulars of the coverage in a dollar-for-dollar fashion. Do they charge extra fees for processing or payment options? Some companies will nickel and dime you to a higher payment.

Watch out for unnecessary add-ons that are often added to an MBI/VSC cost to avoid paying for redundant services. For example, most people already have roadside assistance through their auto insurance policy, so it is unnecessary to have it in their extended coverage.



**PRO TIP:** *Make sure you know what you are buying. You're the one driving; don't get taken for a ride. If you call and speak to someone, ask for all of the pricing options to be emailed to you. That way, you can compare it to other options and make the right choice for you.*



## how do I know if a company is “good”?

***The company responsible for paying any of your claims is not always the company you purchased your warranty from. It is important that the coverage administrator for your policy is insured and well-funded with a solid financial history. You can validate financial strength ratings on [A.M. Best](#), [Standard and Poor's](#), and [Fitch Group](#).***

### **company's reputation**

It is important to do some due diligence. Are they registered with the BBB? What do their reviews and ratings state? Rating sites like the Better Business Bureau and Google or Yelp will represent how the business is likely to interact with its customers and will give a combined score based on customer reviews.

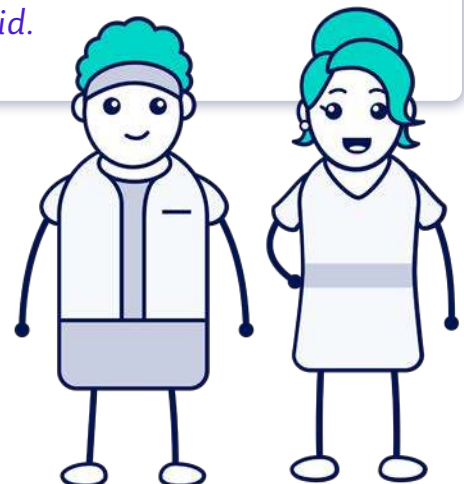
BBB ratings are still the toughest to get and are determined by external factors such as: complaint history, time in business, transparent business practices, failure to honor commitments, licensing and government actions, and known advertising issues or false claims. Reviews on Google and Yelp are well regulated but can be faked, so read with caution. See how the company treats its customers and responds to complaints as well as compliments. Look at the reviews the same way you would for a restaurant or movie.

### **transparency about coverage**

One that explains the ins and outs, so you know what is covered, when, and how. You'll want to make sure your plan extends across the US to ensure wherever you go, you're covered. Pick a coverage that allows you to cancel at anytime and most of all, you want to know you can count on them when as soon as an issue arises.



**PRO TIP:** *Don't be shy about asking your friends if they know of someone they would recommend. If they have a bad experience, at least you will have an idea of who to avoid.*



## which coverage plan is best for me?

*Before selecting a company that will give you peace of mind and protection from major vehicle repair expenses, review their coverage plans. Selecting the right plan depends on your needs.*

*The best companies will give you options for coverage. This will allow you to be flexible when it comes to price and to secure the coverage you need.*

### COVERAGE OPTIONS:

#### **powertrain coverage (basic coverage)**

Powertrain level of coverage generally covers all of the most expensive items, including every lubricated part of your transmission and engine. It also covers other expensive repairs like water and oil pumps, thermostat, and factory turbocharger. A powertrain vehicle service contract gives you the peace of mind that your drivetrain is covered wherever you travel.

#### **comprehensive coverage (a full coverage plan that covers almost everything)**

Comprehensive coverage is similar to the manufacturer's warranty on a new car. The parts that wear down regularly, such as brake pads, are covered by you. However, the unexpected parts that just "break or malfunction" are covered by most comprehensive coverage plans. Comprehensive coverage is so extensive; it's typically easier to tell you what is excluded vs. what is included.

#### **something in-between**

Many plans are somewhere between Powertrain and Comprehensive. Middle of the road plans cover more than just the major parts but typically exclude things like electrical. Common parts included in this coverage level are power steering, front suspension, brakes, and air conditioning components.



*Keep electronic components in mind. Not all coverage plans cover the latest computer chips and sensors. Watch out for the exclusions from all companies.*

## where should I purchase extended vehicle coverage for my used car?

***Finding accurate pricing and an honest cost analysis can be challenging! Let's cut through the noise and lay out your extended vehicle coverage shopping and buying options.***

### ***buying at the dealership***

At the dealer, you can get 1, 2, or even 3 coverage options. You might be able to roll it into the financing of your car, pay for it outright, or subscribe to a 2-3+ year commitment. Go to the dealership prepared with your extended vehicle coverage options. In the same way you research makes, models, and years of cars for pricing and reliability before making a purchase, research MBI and VSC costs before you go to pick up your car. Information is power.

### ***getting an online quote***

Check before you quote. See if the company provides instant online pricing or you may be signing up for robocalls or pesky sales agents. Do they have customer service available via phone or online chat to ensure your coverage will work for you? If they are not transparent or professional, then hang up and move on to your other options.





### ***responding to direct mail and emails***

There are some legitimate opportunities to purchase your “extended car warranty”/MBI/VSC sent via mail. Major vehicle manufacturers send extended coverage plans out to their customers and can offer good solutions.

**use your instincts.** Avoid mail offers that seem fake or use scare tactics with high-pressure language. If that is what they are leading with, you may experience more of the same when you call. When contacting these companies, make sure you are prepared to ask the right questions and don't feel pressured to buy without all the facts and documentation. You know your ride best!

### ***responding to incoming calls and robo calls***

These have become more prevalent and intrusive over the last few years. The most important thing is verifying they are with the company they say they are with. Make sure you get their company information so you can check them out before you start giving them your personal information. Request a copy of your quote and all the coverage details via email so you can make the best decision to meet your specific needs.

### ***research your individual make and model's repairability***

How prone is your vehicle to problems? When researching extended coverage options, it is helpful to understand common repair problems for your make and model. This will help you determine if extended coverage is needed. Can you afford to pay for an unexpected breakdown, or would you need to save money to fund a breakdown or two?

# is **olive.com** the right auto repair coverage for me?



Your vehicle is important to you, so weigh your options and choose what is right for you. Do your due diligence and you should be a-ok.

At **olive**, we strive to earn your business every month with excellent customer service and peace of mind. Here's a quick guide to how we answer those questions:

## 1. what are my choices for extending the coverage on my vehicle?

**olive**® offers both MBI and VSC plans that adhere to all state requirements.

## 2. how do I know if a company is “good”?

Every single **olive** policy is backed by a global insurer with a consistent “A” rating from A.M. Best, an “A+” rating from Standard & Poor, an “A” rating from BBB, and over \$15 billion in 2019 assets under protection.

## 3. which plan is best for me?

**olive** offers 3 different coverage plans to keep you moving by paying for unexpected mechanical breakdown repairs; all with a fixed monthly payment.

## 4. what are the deductible options?

**olive** offers 3 deductible options giving you 9 different monthly payment options so you can choose the plan that best fits your budget. At **olive** when a claim is filed, you will only pay your deductible and any non-covered item. We will pay the repair center directly for all remaining repairs.

## 5. what is included in the price?

At **olive**, we keep things bite sized. Bloated plans and middleman markups are the pits. We personalize your rate for your vehicle so you don't pay a penny more than you should.

## 6. do you offer payment options?

At **olive** we earn your business every month. Prices are fixed for the life of your 3-year term, and you can cancel anytime.

## 7. are there yearly mileage restrictions?

Drive as much as you want each year with **olive**. So go ahead and plan that epic road trip, we'll be with you every single mile. That's Comprehensive Coverage for every adventure!

## 8. is there a waiting period or inspection required?

**olive** is frictionless, nearly instant coverage; that's one of the things that makes an **olive** plan unique. Your coverage becomes active the day after you sign up! Buy today. Covered tomorrow<sub>tm</sub>.



### 9. where can I take my car to be fixed?

**olive** provides nationwide coverage in the US and Canada. We partner with Repair Pal, or you can take your vehicle to any ASE (Automotive Service Excellence) certified repair facility or dealership of your choice. Simply provide your coverage number and we will do the rest!

### 10. are plans transferable?

Yes. **olive** plans are transferrable which can lead to an increase in your vehicle's value when you sell it. It's like icing on a cake! Better yet, there is no fee to transfer.

### 11. where can I purchase extended vehicle coverage?

- With frictionless online signup, convenient monthly payment plans, and instant coverage, **olive** provides the coverage you need, only a few clicks away. [Get Your Price and buy instantly online.](#)
- Our Coverage Advocates are standing by if you have any questions or prefer to talk with a human. Call now: 866.604.9817

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### here is what we can promise.

- Our online quote tool is simple and easy. You will see your price in minutes.
- Filing a claim is easy and seamless.
- No robo calls ever.
- You buy how you want to buy, and we will do our best to earn your business month over month!

The olive logo is displayed in a purple, lowercase, sans-serif font. A small registered trademark symbol (®) is located to the upper right of the word.

*alright, you're ready!*

**GET YOUR PRICE NOW.**

Our Coverage Advocates are standing by if you have any questions or prefer to talk with a human.

**Call now: 866.604.9817**



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