

**WARRANTY WEEK™**

**The Newsletter for Warranty Management Professionals**

# **Update on Automotive Warranty Trends**

Eric Arnum, Editor  
Warranty Week

# Warranty Chain Management

PRODUCT WARRANTY + VEHICLE SERVICE CONTRACT



\$9.875 Billion

\$2.8 Billion

\$11.175 Billion



# Warranty Chain Management

PRODUCT WARRANTY + VEHICLE SERVICE CONTRACT



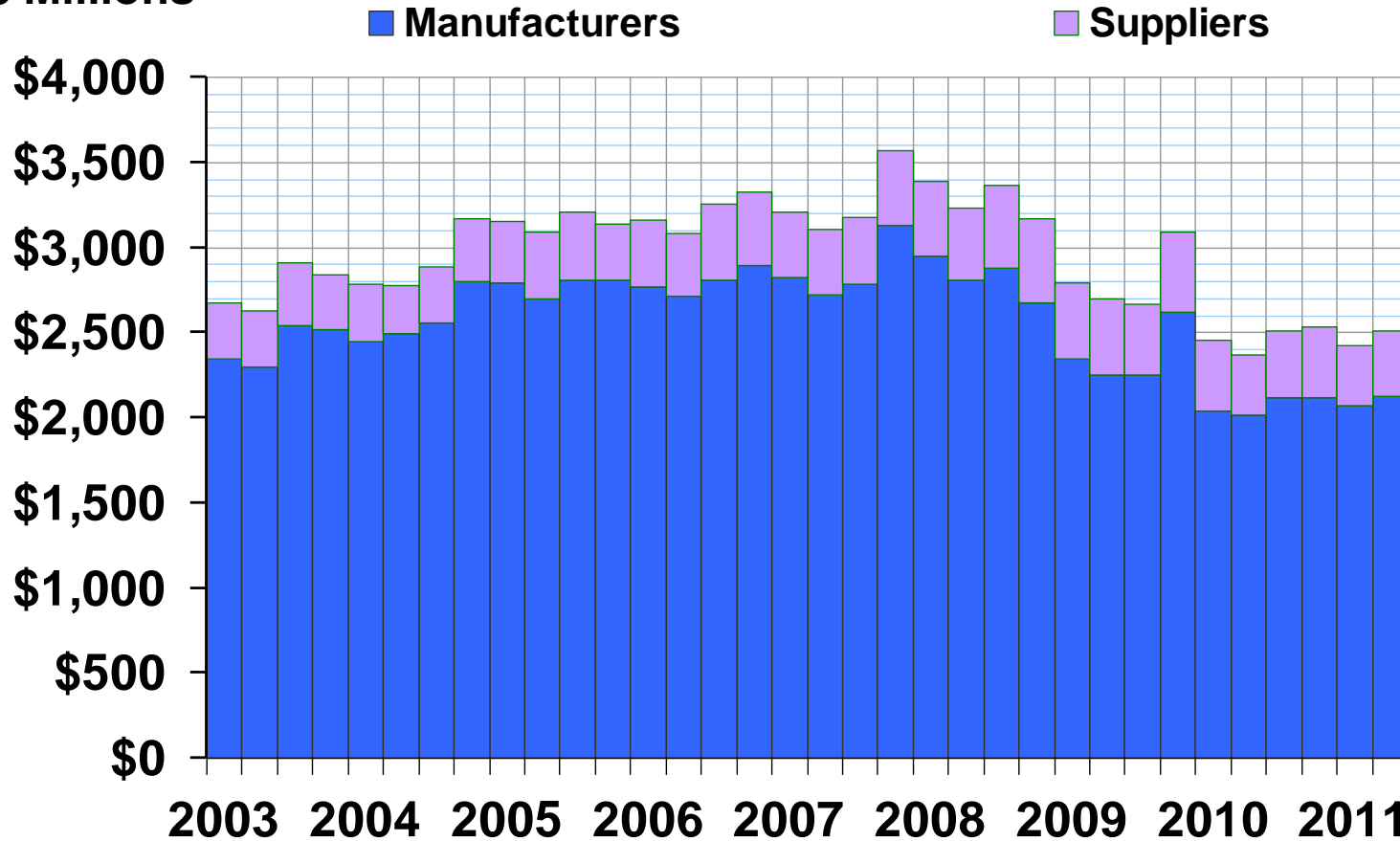
\$9.875 Billion



# Product Warranty Claims

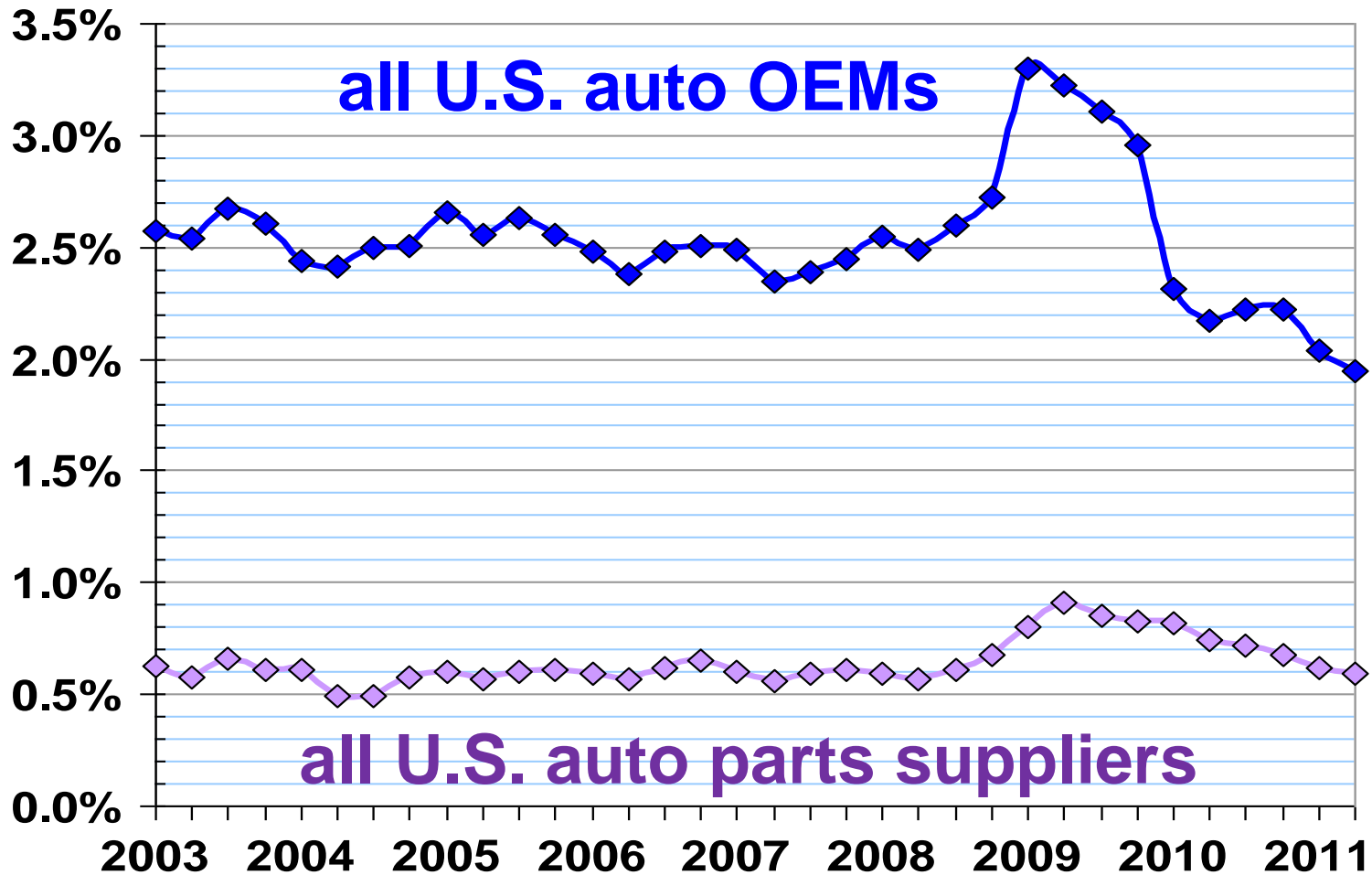
## U.S. Auto Companies, 2003 to 2011

US\$ Millions



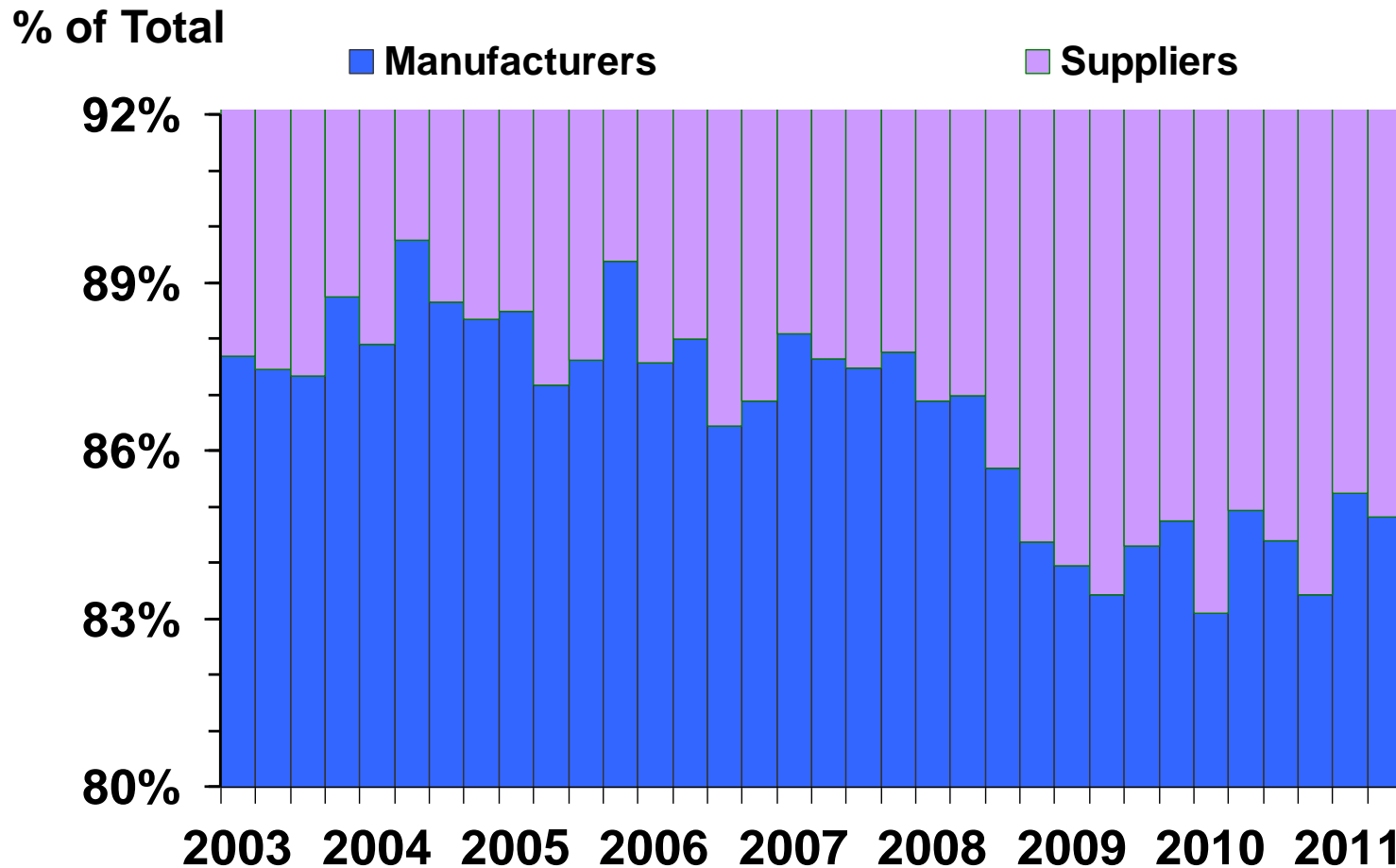
# Product Warranty Claims

## U.S. Auto Companies, 2003 to 2011



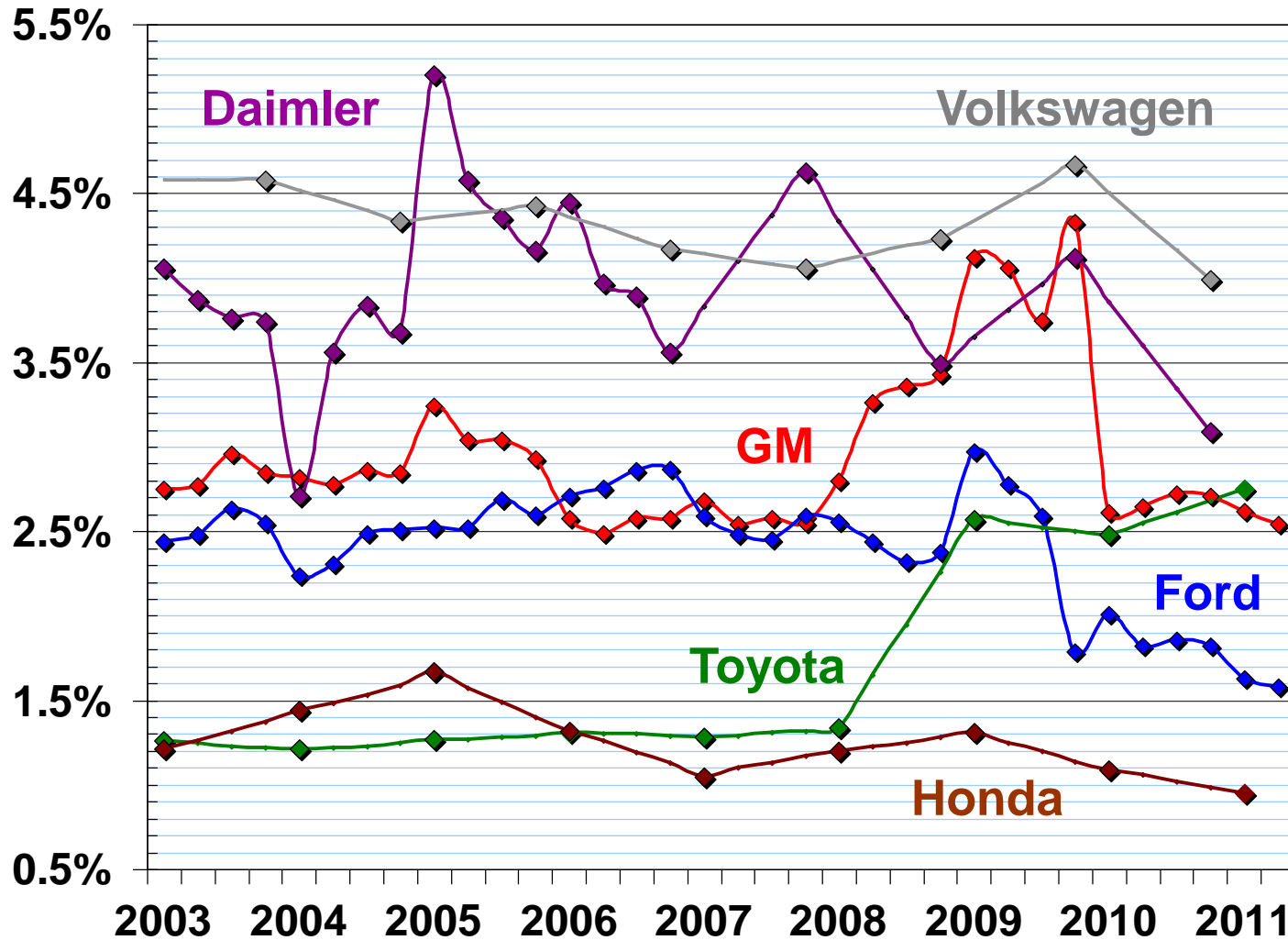
# Product Warranty Claims

## U.S. Auto Companies, 2003 to 2011



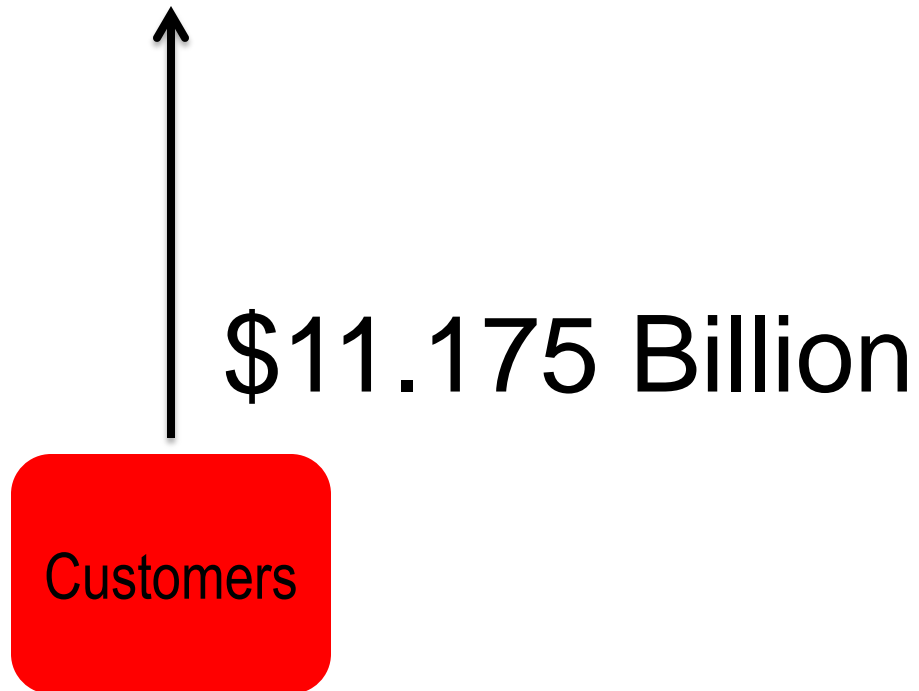
# Product Warranty Claims Rates

% of Mfg. Revenue Spent on Claims, 2003-2011



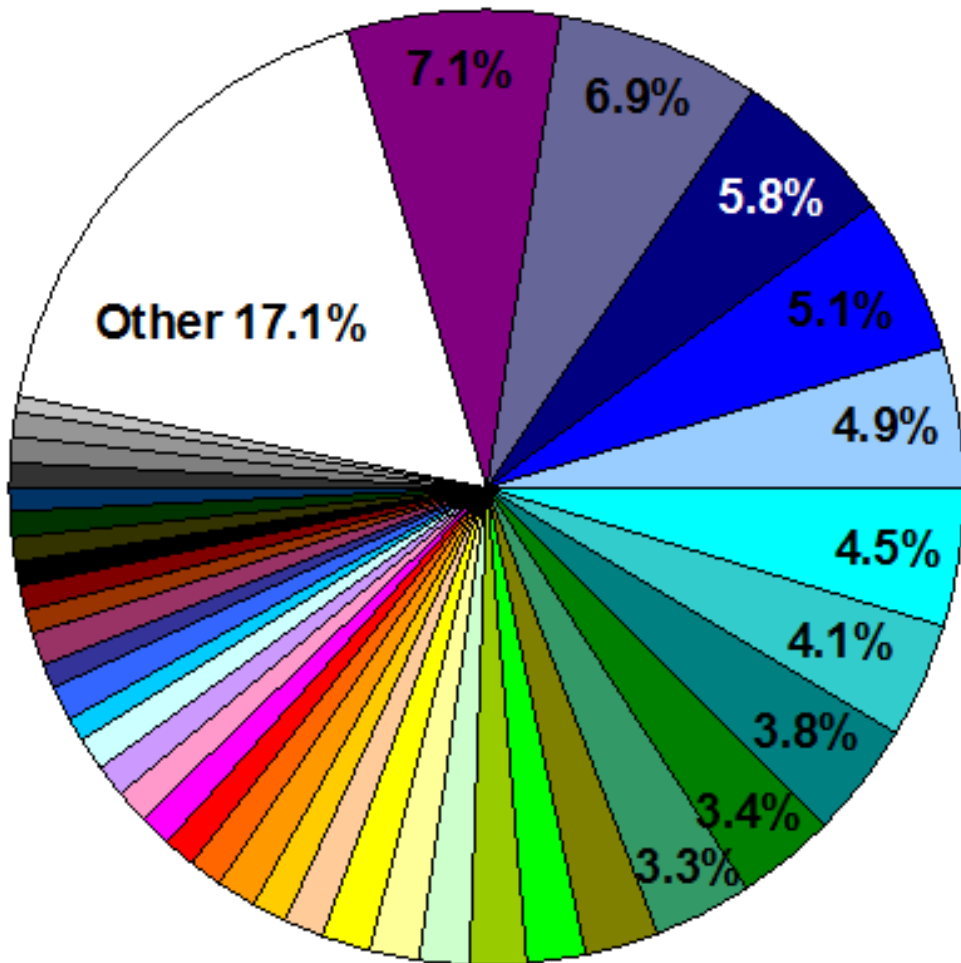
# Warranty Chain Management

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# VSC Administrators

## % of \$11.175 Billion, 2010



- The Warranty Group - 7.1%
- GMAC & Universal Warranty - 6.9%
- Protective Life Corp. (Lyndon) - 5.8%
- American Heritage & Pablo Creek - 5.1%
- Toyota Financial Services - 4.9%
- Automobile Protection Corp. - 4.5%
- Universal Underwriters Service Corp. - 4.1%
- CNA National Warranty Corp. - 3.8%
- AMT Warranty & Warrantech Automotive - 3.4%
- Ford Motor Service Co. - 3.3%
- Nissan Extended Services North America - 2.3%
- Chrysler Service Contracts Inc. - 2.0%
- American Honda Protection Products Corp. - 1.9%
- Interstate National Dealer Services Inc. - 1.9%
- United Service Protection Corp. - 1.7%
- Hyundai Motor America - 1.5%
- Western General Insurance Co. - 1.4%
- CarMax Inc. - 1.3%
- Auto Services Co. Inc. - 1.3%
- Fidelity Warranty Services Inc. - 1.2%
- United States Warranty Corp of Florida - 1.2%
- Yamaha Motor Corp USA - 1.1%
- Royal Administration Services Inc. - 1.1%
- Dimension Service Corp. 1.1%
- American Guardian Warranty Services Inc. 1.0%
- Mechanical Breakdown Protection Inc. - 1.0%
- National Auto Care Corp. - 1.0%
- National Administrative Service Co LLC - 0.9%
- Enterprise Financial Group Inc. - 0.9%
- Phoenix American/Wynn's Extended Care - 0.9%
- Warranty Solutions (Wells Fargo) - 0.9%
- Marathon Administrative Co. Inc. - 0.9%
- Harley-Davidson Insurance Services Inc. - 0.9%
- Safe-Guard Products International LLC - 0.9%
- Mercury Insurance Co. - 0.8%
- Guardian Warranty Corp. - 0.8%
- Warranty Administration Services Inc. - 0.8%
- OwnerGuard Corp. - 0.8%
- Motorcycle Management Consulting Services - 0.7%

Source: Warranty Week estimates

# Warranty Chain Management

PRODUCT WARRANTY + VEHICLE SERVICE CONTRACT



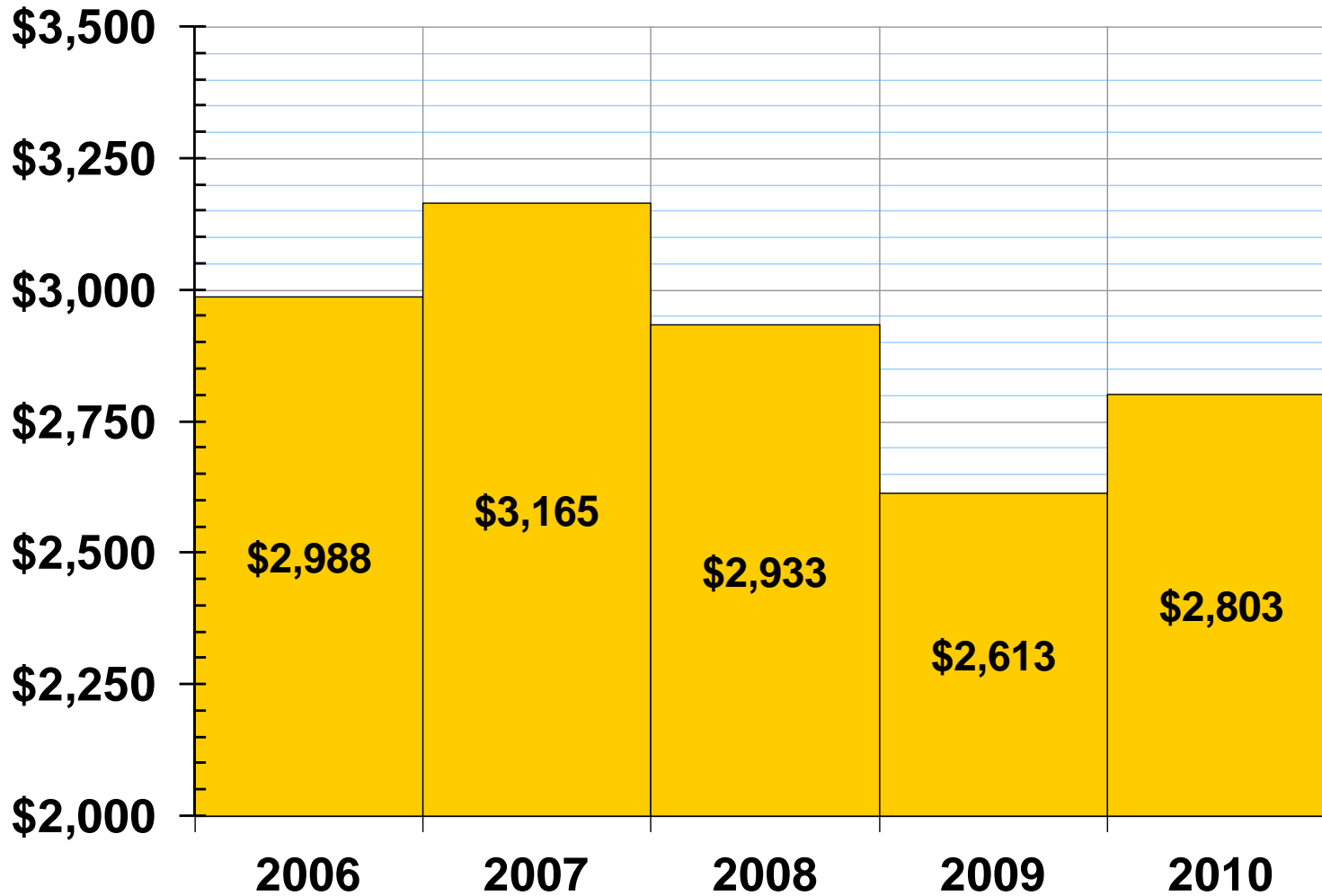
\$2.8 Billion



# VSC Underwriters

## Revenue, 2006-2010

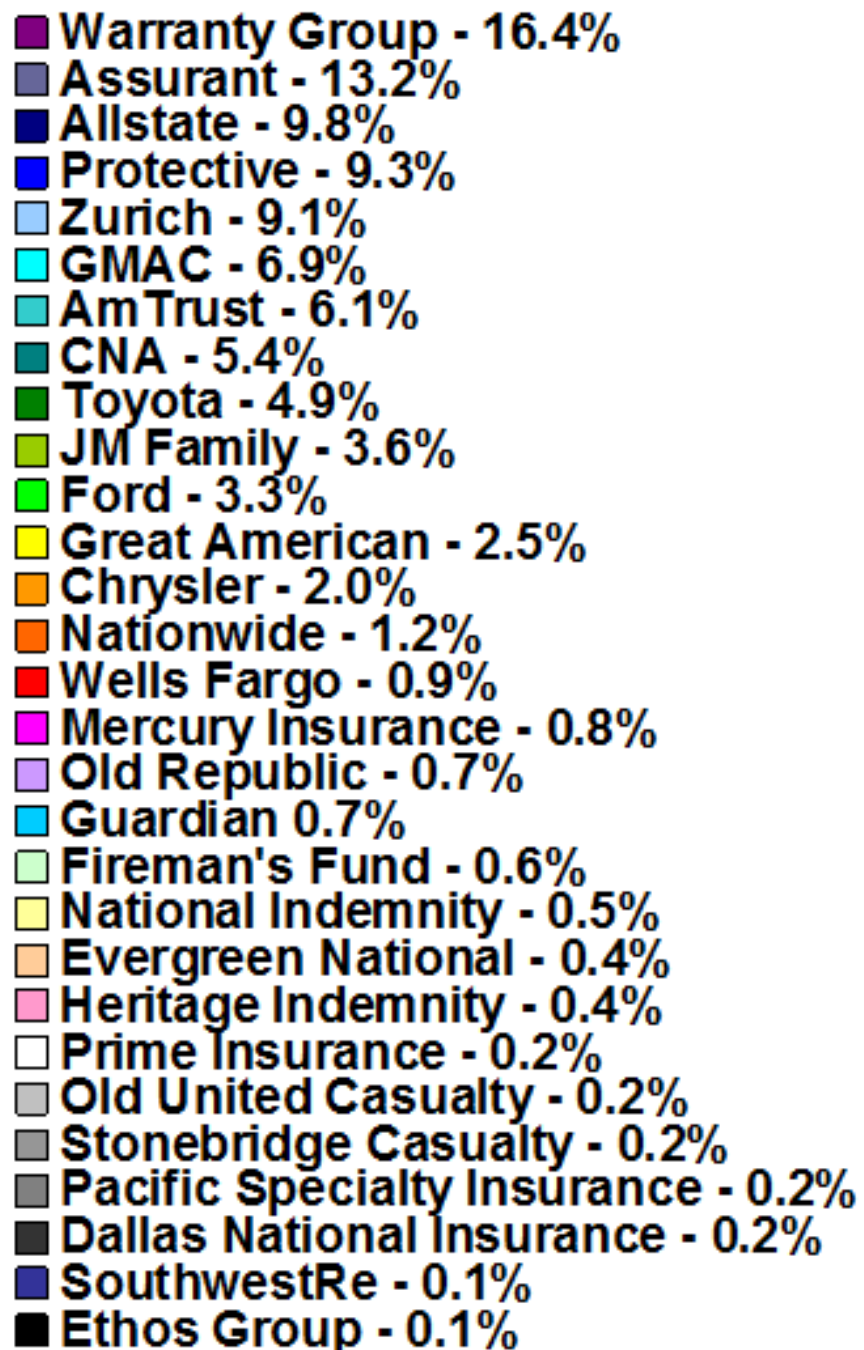
US\$ Millions



Source: Warranty Week estimates

# VSC Underwriters

% of \$2.803 Billion, 2010



Source: Warranty Week estimates

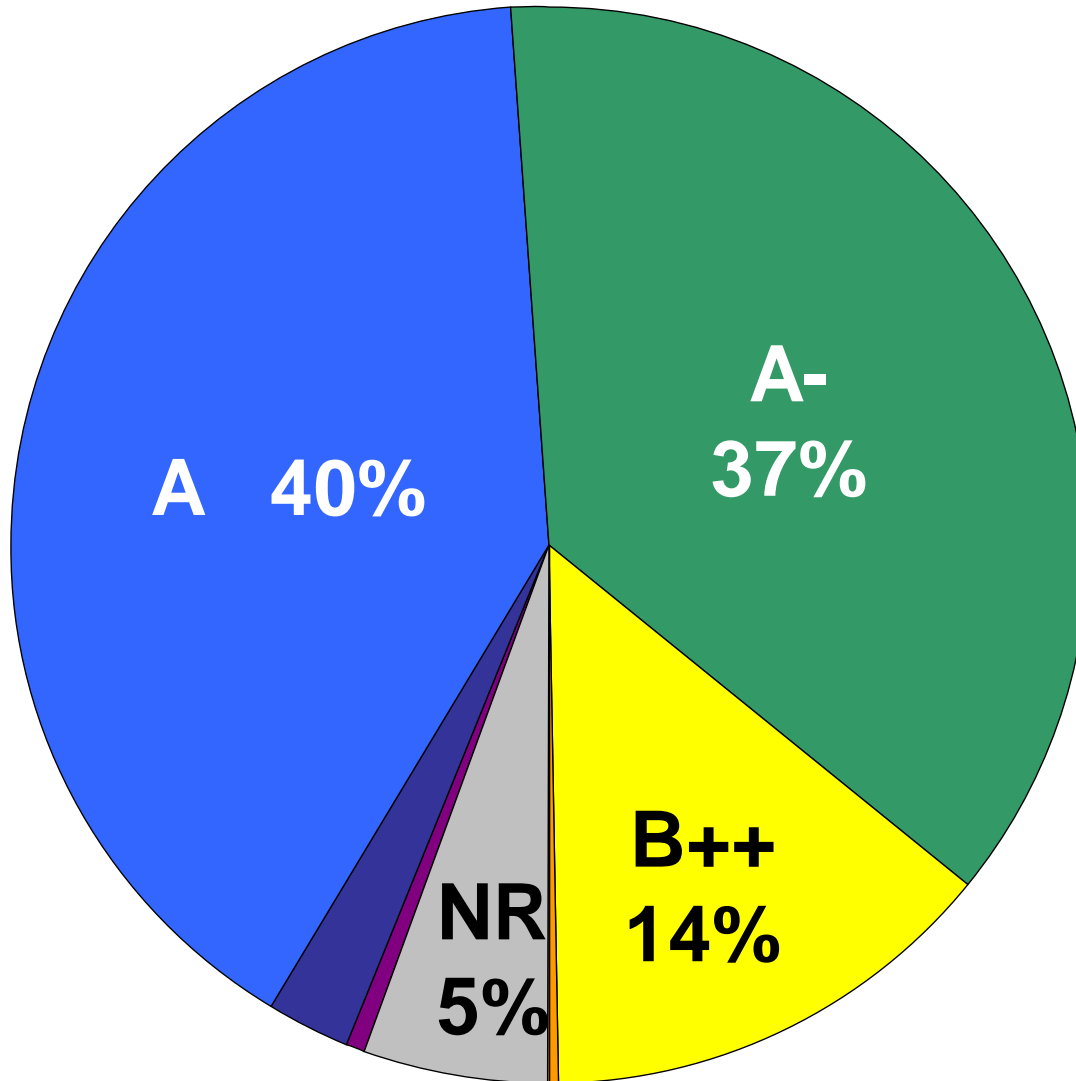
# VSC Underwriters

## A.M. Best Financial Strength Ratings

A++	Superior
A+	Superior
A	Excellent
A-	Excellent
B++	Good
B+	Good
B	Fair
B-	Fair
F	In Liquidation

# VSC Underwriters

A.M. Best Ratings, Sept. 2010



Source: Warranty Week estimates

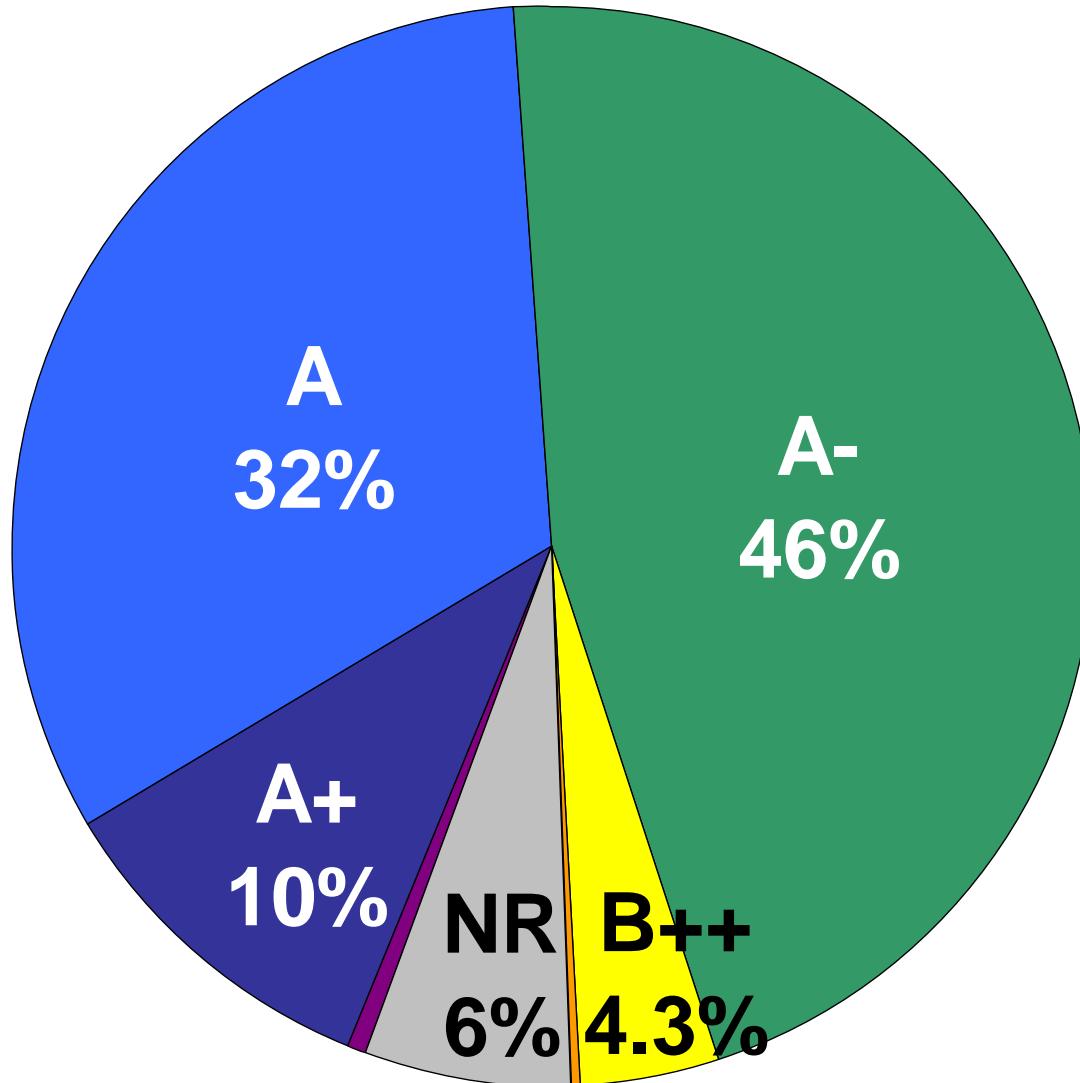
# VSC Underwriters

## A.M. Best Ratings Changes, 2010-2011

<u>Underwriter</u>	<u>Old</u>	<u>New</u>
American Road Insurance (Ford)	B++	A-
CorePointe Insurance (Chrysler)	B++	A-
MIC General Insurance (GMAC)	B++	A-
Old Republic Insurance Co.	A+	A
Universal Underwriters (Zurich)	A	A+

# VSC Underwriters

A.M. Best Ratings, Sept. 2011



Source: Warranty Week estimates

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