

CHAPTER 2

Understanding Coverage Levels

Choosing the Protection That's Right for You

“Not every Vehicle Service Contract offers the same level of protection. Understanding the differences before you buy can help you avoid paying for coverage you don't need—or discovering too late that the coverage you chose doesn't protect the repair you expected.”

One Conversation That Happens Every Day

Imagine you're sitting in the Finance Office reviewing your paperwork.

The Finance Manager places a brochure in front of you and says:

“We offer several levels of protection.”

You glance at the page.

- Powertrain.
- Silver.
- Gold.
- Platinum.
- Exclusionary.
- Premier.
- Elite.

The names sound impressive, but they don't tell you much.

Is Platinum always better than Gold?

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Does Elite cover everything?

Is Powertrain enough?

Most buyers don't know—and that's understandable. Every provider uses its own names, coverage levels, and contract language. A "Platinum" plan from one company may differ significantly from a similarly named plan offered by another.

Rather than focusing on the name of the plan, focus on **what the contract actually covers**.

Coverage Is About Risk

Think of a Vehicle Service Contract as a way to manage repair costs.

The broader the coverage, the more types of repairs may qualify for protection under the contract.

The narrower the coverage, the fewer components are typically included.

That doesn't automatically make one better than another.

The right choice depends on your vehicle, how long you plan to keep it, and your comfort with paying for unexpected repairs.

The Three Coverage Categories

Although providers use different names, most Vehicle Service Contracts generally fall into one of three categories.

Powertrain Coverage

Powertrain coverage is usually the most basic level of protection.

It typically focuses on the components that move the vehicle, including major engine, transmission, and drivetrain components.

Because it covers fewer parts, it is often the least expensive option.

For buyers primarily concerned about major mechanical failures, it may provide an appropriate balance between cost and protection.

Mid-Level Coverage

Mid-level plans expand coverage beyond the powertrain.

Depending on the contract, they may include additional components such as:

- Air conditioning
- Steering
- Suspension
- Braking system components
- Fuel delivery components
- Selected electrical systems

The exact coverage varies by contract, so always review the list of covered components rather than relying on the plan's name.

Comprehensive or Exclusionary Coverage

This is generally the broadest level of protection available.

Instead of listing only what is covered, many exclusionary contracts work in the opposite way—they cover most vehicle components except those specifically listed as excluded.

That doesn't mean **everything** is covered.

Every contract still contains exclusions and limitations.

However, exclusionary coverage often provides the most extensive protection available for eligible vehicles.

Consumer Alert

Never purchase a contract based solely on its name.

Ask to see:

- The list of covered components
- The exclusions

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- The deductible
- The contract term

Those four items will tell you far more than the marketing name printed on the brochure.

Looking Beyond the Coverage Level

Many buyers compare only the coverage level.

That's important—but it's only part of the picture.

Two contracts with similar coverage may differ in several other ways.

Compare:

- Deductible
- Contract length
- Mileage limits
- Rental benefits
- Towing benefits
- Roadside assistance
- Trip interruption
- Transferability
- Cancellation provisions

Sometimes the differences between two contracts have nothing to do with the covered components.

A Practical Example

Suppose two contracts both provide broad coverage.

Contract A has a lower purchase price.

Contract B costs a little more.

At first glance, Contract A appears to be the better deal.