

## REMITTANCE OF DOCUMENTS AND FUNDS FOR THE SALE OF EXTENDED WARRANTY PRODUCTS

Dealers must ensure the extended warranty company they deal with is underwritten by an insurer (or has provided a letter of credit to the Motor Vehicle Dealers Compensation Fund) and that the contract being used is compliant with the MVDA. Dealers must also ensure that:

*within seven days after the parties enter into the contract for the warranty, they provide the extended warranty company with:*

- all documents detailing the contract the dealer has in its possession
- all payments the dealer has received from the purchaser

OMVIC inspectors regularly review extended warranty contracts and banking documents of dealers to ensure compliance with these sections. It appears many of the extended warranty companies' collection practices are not in keeping with the requirements for contracts and money to be sent by dealers within seven days. Dealers can be charged by OMVIC for failing to comply with these requirements regardless of the warranty company's collection processes. Currently we are investigating some alleged breaches of the MVDA in this regard.

These provisions are meant to limit exposure to the Motor Vehicle Dealers Compensation Fund in the event a dealer fails to remit warranties or monies to the warranty provider and closes its business. A healthy Fund should be very important to all dealers for consumer confidence in the registered dealer community. In the event the Fund's value is depleted, dealers are required to make additional contributions to the Fund – not the warranty companies.

We encourage you to speak to your warranty providers to ensure their collection policies and practices are in keeping with the requirements of the MVDA. OMVIC will send a letter to all of them who are noted on our website, outlining our expectations and asking for their assistance. ([http://www.omvic.on.ca/services/shared/insured\\_warranty\\_providers.htm](http://www.omvic.on.ca/services/shared/insured_warranty_providers.htm))

**OMVIC does not “approve” of any third-party warranty providers in particular. We provide, as a courtesy only, a list of third-party warranty providers who have satisfied the requirement to provide proof of insurance or a letter of credit to the Fund. This is in no way an endorsement of their products, contracts or service.**

**Contact OMVIC:**  
1-800-943-6002  
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