



Dealer Compliance Basics for F&I

These guidelines cover the basic rules for offering service contracts the right way. The goal is to ensure every customer is treated the same, understands what they are being offered, and has their choice clearly documented. Following these rules reduces risk and makes deals easier to defend if questions come up later.

CONSISTENCY

Offer the same products the same way to every customer. This reduces claims of unfair treatment and ensures that customers have equal access to protection options.

CLARITY

Customers understand what products do, how they protect them, how they differ from insurance and manufacturer warranties, and exactly what they cost. No assumptions, no hidden details.

CONFIRMATION

Collect signatures when customers buy products AND when they decline them. This creates proof that products were offered correctly and that the customer made an informed choice.

Compliance Checklist

- Use the same product menu for every customer.
- Say clearly what a service contract is and isn't.
- Always say service contracts are optional.
- Show warranty prices separately from the car price.
- Use the same prices for the same products every time.
- Explain how service contracts differ from factory warranties.
- Do not use insurance words anywhere.
- Get a signature when a product is bought.
- Get a signature when a product is declined.
- Review deals to make sure all steps were followed.



Transparency

Clearly explain what a service contract is, what it does and does not cover, and that it is optional. The goal is to make sure the customer is not confused and understands the product before signing anything.

- Clearly state that service contracts are optional, are not the manufacturer warranty, and may cover the same items already covered elsewhere.
- List all service contract costs on the paperwork, including the price, how long it lasts, what is not covered, and any deductibles.
- Make sure the customer understands what they are buying before they sign, not after the deal is finished.



Presentation

Show service contract pricing in a simple, fair way so customers can easily compare options and do not feel misled.

- Use the same menu pricing for the same warranty or add-on product for every customer.
- Show service contracts as their own line items, not hidden inside the vehicle price or monthly payment.
- Clearly display full credit terms, including rate and total cost, if the vehicle is financed.



Sales Practices & Consent

Offer service contracts by choice, not pressure. The customer must feel free to say yes or no without fear of losing the deal.

- Warranties are always optional and must never be required to buy or finance a vehicle.
- Do not sell products that do not make sense for the vehicle or that repeat coverage the customer already has.
- Clearly document when a customer says no so there is proof the product was offered and declined.



Non-Insurance Framing & Classification

Describe service contracts correctly. Calling them insurance or warranties when they are not can cause serious legal problems.

- Use the terms “service contract” or “vehicle service contract,” not insurance, unless properly licensed to sell insurance.
- Clearly explain how service contracts are different from manufacturer warranties and who handles and pays claims.
- Do not use insurance terms like “policy,” “premium,” or “insured”

Compliance in warranty sales comes down to three things: consistency, clarity, and confirmation.

Offer the same products the same way to every customer, explain them in plain language before anything is signed, and document every accept and decline. When products are optional, prices are transparent, descriptions are accurate, and records are complete, dealers reduce regulatory risk, avoid customer disputes, and can prove they did the right thing if a deal is ever questioned.