



Extended Warranty Sales Keep Pace with Increased Auto Sales

March 23, 2011 -- (Tallahassee, FL) – Sales of motor vehicle service contracts (extended warranties) in the first quarter of 2011 are tracking ahead of sales during the same timeframe last year, a likely result of this quarter’s marked increase in automotive sales, according to the Service Contract Industry Council (SCIC).

Sales of cars and light trucks in the United States rose 27 percent in February from a year ago, following a 17 percent increase in January (source: *Automotive News*). The SCIC believes pent-up demand for autos combined with still somewhat cautious consumer spending is creating a strong market demand and need for motor vehicle service contracts, which offer consumers an affordable means of repairing and maintaining new and used vehicles over the long run.

“Sales of vehicle service contracts are up for us so far this year by about 60 percent and future outlook is good,” said Joe Erdeman, president of the Extended Protection Solutions Business at Assurant Solutions, a national provider of service contracts and an SCIC member. “Growth is coming from an overall lift in the existing dealer market as well as third party administrators, OEMs and insurance company channels.”

Another SCIC member, Automobile Protection Corporation, which offers EasyCare vehicle service contracts, also reports positive sales. “First quarter 2011 sales of service contracts are tracking ahead of 2010, in both new and used vehicle categories,” said Jennifer Silverberg, vice president of Marketing & Customer Experience at Automobile Protection Corporation. “The most popular service contracts continue to be those offering long-term coverage.”

“The increased complexity of components and analytics in today’s motor vehicles has greater financial implications when failure occurs,” said Timothy Meenan, executive director of the SCIC, a trade group representing service contract providers and sponsor of industry regulation and consumer protection laws. “Service contracts help drivers better manage unexpected, large repair bills; affordably maintain vehicles in top-operating condition; and enhance their vehicle’s value.”

Automotive service contracts are sold mostly by car dealers and can cover essential yet costly-to-repair systems not included in the manufacturer’s power-train warranty, such as air conditioning, power windows, electronics and navigation, and provide coverage after

the manufacturer's limited warranty expires. Most service contracts are transferable at vehicle sale to a new owner.

The SCIC offers consumer tips on buying and using extended warranties or service contracts at: <http://www.go-scic.com/>.

About SCIC

The [Service Contract Industry Council](#) is a national trade association whose member companies collectively offer approximately 80 percent of the service contracts sold in the U.S. for home, auto, and consumer goods. The SCIC educates consumers about service contracts, encourages its members to pursue high standards of customer satisfaction, and has developed and promoted model legislation to regulate the industry and protect consumers.

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