



## EXTENDED WARRANTIES: ARE THEY WORTH IT?

(Tallahassee, FL) – November 19, 2011—The continuous redesign of electronics and appliances for enhanced portability, functionality and energy efficiency has made many of today's consumer goods increasingly intricate, fragile and costly to repair or replace. At the same time, products are being manufactured with low-cost components and manufacturers are limiting warranty periods along with customer support options.

According to the Service Contract Industry Council <http://www.go-scic.com> (SCIC), as the technology in products rapidly evolves it can prove difficult for manufacturers to keep replacement parts in stock for products utilizing yesterday's technology. Consequently, consumers whose malfunctioning product is outside of the manufacturer's warranty period and who want to repair it to keep it for the long-term may be out of luck. With an extended warranty, however, consumers can find protection; if a malfunctioning product cannot be repaired, it generally is replaced with a comparable newer one.

*Consumer Reports* (August 2011) stated, "...consumer goods have become more complex and contain more electronics than they did a decade ago...when things do go wrong, they tend to go horribly wrong." The 27,404 subscribers surveyed for the *Consumer Reports*' story reported that 53,218 of their home products including appliances, electronics and more needed to be repaired or replaced.

"An extended warranty is particularly relevant in uncertain economic times," said Tim Meenan, Executive Director of the SCIC <http://www.go-scic.com>. "When things do go 'horribly wrong,' the consumer is protected by law."

Since 1988, the SCIC has developed legislation and worked with legislatures across the nation to regulate the extended warranty industry on a state-by-state basis with laws mandating licensing and stringent financial responsibility requirements for providers. Among other provisions, SCIC legislation puts in place regulations -- including the requirement to buy insurance -- to protect consumers who purchase service contracts from retailers who go out of business.

Extended warranty providers are a fixed component of retailing in America because they meet a large market demand, provide an enhanced quality product, and proactively establish and enhance consumer protections – all the while greatly improving the state of the industry through self-regulation.

### **Why to Buy an Extended Warranty:**

A survey of consumers by Brand Keys, Inc. predicts a 10 percent increase in electronic purchases over last year. Of those consumers planning to give an electronic device, 25% are purchasing e-book readers, 19% tablets, 15% smart phones, 9% computers and 6% cameras.

- Consumer electronics are complex, increasingly mobile and expensive to repair
  - Cracked screens for both eReaders and tablets can cost from \$160-350 to repair/replace
  - Battery upgrade/replacement \$80-150
  - Lines in screen \$160-350
  - Unit frozen/not able to connect to computer \$180-500  
\*\*((higher range applies to tablets))
- 30-day free look back period – if you want to change your mind, you can!
- 100% parts and labor coverage for failures caused by:
  - Normal wear and tear
    - Defects in workmanship and materials
    - Mechanical and electrical breakdowns
    - Environmental factors
  - Power surge protection (great for small businesses)
  - Replaces products that require multiple repairs for the same failure.
  - 24-hour, toll-free access to pre-qualified technical support and local repair person
  - Time savings - no hauling products back to place of purchase, etc.
  - Free transferable coverage
  - Save the environment. Repair versus dump and replace products.

### **When Not to buy an Extended Warranty:**

- If at all pressured by a sales person to buy on the spot
- If the contract is not available for review at the time of purchase
- If the cost of the warranty is a high percentage of the overall product price; the warranty should cost between 10-20% of the overall retail price
- If you receive an automated phone sales pitch or mass mailer

Contact your local BBB or state insurance commission with any concerns. Always read terms carefully and research provider prior to purchase.

"Why" and "When Not" to buy tips © SCIC

### **About the SCIC**

The Service Contract Industry Council ([www.go-scic.com](http://www.go-scic.com)) is a national trade association established in 1989 to educate consumers about service contracts (extended warranties) and develop and pass legislation at the state legislature level across the country to protect

consumers and enhance the integrity of the industry. SCIC members consist of the largest and most reputable service contract providers in the industry and sell approximately 80 percent of the service contracts sold in the U.S. for home, auto and consumer goods. Over 250 million extended warranties are sold annually in the U.S.