



SALES OF SERVICE CONTRACTS AND EXTENDED WARRANTIES STRONG DESPITE ECONOMY

November 12, 2009 (Tallahassee, FL) – Consumers remain committed to purchasing service contracts (sometimes referred to as extended warranties), particularly for electronic products and appliances, according to the Service Contract Industry Council.

N.E.W. Customer Service Cos recently reported “the percent of people who added a service contract to their purchase increased by 10 percent this year.” The trend is expected to continue through the holiday buying season and into the New Year.

“Consumers are seeking to spend wisely, tend to be more risk averse and are less willing to absorb the cost of an unexpected product repair or replacement,” said SCIC Executive Director Timothy Meenan. “Coupling a service contract with a purchase helps consumers and gift-recipients keep products longer and performing well after a limited manufacturers warranty expires.”

Facts:

- Consumers are expected to spend \$1.3 billion on extended warranties for electronics and appliances this holiday season. (Source: Warranty Week)
- 26% of consumers plan to purchase computers and video games, 13% game consoles, and 12% home electronics, up 3% from 2008. (Source: Deloitte)
- 70% of consumers find service contracts inexpensive compared to repair costs. (Source: *Consumer Reports*)
- In 2008, 42 percent of consumers bought a warranty for their laptop or desktop computer, an increase from 37 percent in 2007. (Source: IDC)

Consumer Tips

- Service contracts come with a 30-day, free-look period and can be purchased with the product or usually within a certain period of time after product purchase.
- Read the provisions carefully to become familiar with all coverage and exclusions.

- Locate the contract administrator and/or guarantor's name on the contract and research the company with the State Insurance Commission and Better Business Bureau.
- Carefully fulfill all contract obligations, such as proper product handling, maintenance, voltage requirements, etc.
- Keep contract paperwork, original receipt(s), and all maintenance records in a secure, easy-to-access location.
- Utilize the service contract for all covered repairs to maximize the function and value of products.
- Do not buy a service contract if the sales person refuses to or cannot supply a copy of the contract terms-and-conditions prior to purchase.

Consumer Protections

Most service contracts remain valid when a retailer closes for business. This is due largely to the SCIC's efforts to regulate the industry on a state-by-state basis with laws mandating stringent financial responsibility requirements for companies obligated to perform under a service contract.

About the SCIC

Established in 1989, The Service Contract Industry Council is a national trade association that educates consumers about service contracts and has developed and promotes model legislation with provisions designed for consumer protection and industry standards. SCIC members sell approximately 80% of the service contracts sold in the U.S. for consumer goods, home and motor vehicles.

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