



SCIC Responds to *Consumer Reports*

(November 24, 2009) In response to *Consumer Reports* ongoing and misleading attempt to discredit extended warranties, the Service Contract Industry Council wants consumers to know that the magazine presents a one-sided, incomplete opinion of extended warranties that does not reflect market realities. Its survey findings on attitudes toward extended warranties are based on the biases of the magazine's own subscribers, who are continuously presented with the magazine's anti extended warranty messaging.

The fact is millions of consumers in the U.S. purchase, own, and use extended warranties with great satisfaction and actively seek them as a valued-added enhancement to protect against expensive repairs, inconvenience, and excessive downtime. More than ever before and from all age groups and walks of life, consumers rely on electronic and computerized products and the extended warranties that help keep their vital equipment running.

Extended warranties cost a fraction of a product's price (generally 10-20% or less) and are popular with consumers because they meet important needs:

- Consumer electronics are complex and expensive to repair
- Electronic products are increasingly mobile, in constant use, and subject to hazards
- Manufacturers warranties offer limited protection
- Green movement (repair versus dump and replace)

When an extended warranty is activated for service, the savings can be substantial. For instance, *PC Magazine* reports 1/3 of laptops require servicing within three years of purchase. The charts below from N.E.W. Customer Service Companies, Inc. shows the top five laptop malfunctions and repair costs in 2008, as well as those of LCD TVs (37" or larger):

Laptop Repair	Cost (\$)
Hard Drive	188
Receptacle AC Connection Adaptor	161
LCD Screen	322
Mother Board	417
Optical Drive	161

Average cost of a laptop, based on 2007 pricing: \$930

<u>LCD TV Repair: 37" or larger</u>	<u>Cost (\$)</u>
Inverter Board	340
Main Board	340
Power Supply	269
Panel	1,148
Control Box	554

Average cost of an LDC TV (37" or larger), based on 2007 pricing: \$1457

The Service Contract Industry Council was established in 1988 to advocate for industry regulation and consumer protection and education. The SCIC works 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.