



## **OVER 100 MILLION SERVICE CONTRACTS SOLD ANNUALLY REMAIN A POPULAR CHOICE FOR HOLIDAY SHOPPERS**

Tallahassee, FL – November 15, 2007 – As the holiday season commences, consumers throughout the U.S. will purchase service contracts for the gifts they give family and friends.

More than 100 million (a conservative estimate) consumer goods service contracts, often referred to as extended warranties, are purchased annually to protect and add value to gifts.

“Service contracts are in particular demand as manufacturer warranties shrink, many to as short as 90 days,” said Timothy J. Meenan, executive director of the Service Contract Industry Council (SCIC) and former Deputy Insurance Commissioner with the Florida Department of Insurance. “Service contracts provide valuable purchase protections that save consumers time and money in the event of a product malfunction.”

According to *Consumer Reports* (November 2007), 53 percent of consumers are planning to buy an electronics gift this holiday season with 69 percent of shoppers ages 18-34 and 36 percent of those ages 35-54 saying they are likely to purchase an extended warranty.

JD Power & Associates found that one out of every four consumers purchases an extended warranty for their major appliances. “You shouldn’t underestimate the convenience and peace of mind that an extended warranty might offer you,” states Dale Haines, Senior director of the real estate and construction industries practice at J.D. Power and Associates. “Certainly with any big ticket items or appliances that have sophisticated electronics, consumers should consider whether an extended warranty makes sense.”

### **Benefits of Service Contracts:**

Service contracts save valuable time and money, and minimize hassle when a product or system malfunctions. JD Power found that “one in 10 consumers report some kind of problem with their major appliance.” With a service contract, consumers typically have 24-hour access to a network of highly-qualified, pre-screened service technicians or prompt replacement resources...so few problems require a service visit.

### **Additional benefits include:**

- Protection for failures caused by power surge and normal wear and tear;
- Coverage for batteries and bulbs (a projection TV replacement bulb, for instance, can cost \$300 or more);
- Protection for accidental damage from handling;

- Maintenance benefits including laser cleanings for DVD players;
- Trouble shooting, repair, and support for computers, printers, networking equipment, telephones, gaming equipment, etc.
- No advance payment, “claims adjustments,” deductible for parts and/or technical labor

The SCIC wants consumers to know that a service contract is not an insurance product. Benefits of a service contract are triggered as a result of product failure that is due to a defect in materials or workmanship, and sometimes wear and tear.

Established in 1989, the SCIC ([www.go-scic.com](http://www.go-scic.com)) is a national trade association that works with lawmakers nationwide to develop fair and uniform regulation to protect consumers and the industry. SCIC member companies provide the majority of service contracts for electronic products, appliances, homes, and motor vehicles offered in the U.S.

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**Note:** Mr. Meenan is available for interviews.

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