



Consumers Should Protect Home-Entertainment Purchases Made in Anticipation of New June Digital TV Deadline

Many Viewers Forced to Act Now as Stations Convert Ahead of Schedule

(Tallahassee, FL) February 27, 2009 – More than 1/3 of local TV stations across the country have converted to digital broadcast -- ahead of the new June 12 deadline -- prompting many consumers to immediately upgrade or replace their televisions. Despite economic constraints, many consumers will pay hundreds to thousands of dollars for sophisticated home-entertainment systems and, according to the Service Contract Industry Council (SCIC), many consumers will also make the minimal additional investment of purchasing a service contract to safeguard their new equipment and keep it functioning for years to come.

“If consumers need to buy a new LCD, plasma or rear-projection television during the recession, they most likely plan to keep their sets well beyond the expiration of the typical one- or two-year limited manufacturer’s warranty,” said Timothy Meenan, SCIC executive director. “A service contract can help consumers avoid unexpected costly repairs and the inconvenience of product downtime that can adversely impact their budgets; in most cases, technical support is just a phone call away.”

Service contracts (sometimes called extended warranties) provide toll-free support and access to prequalified technicians for expert in-home repairs. Many plans provide coverage for damage caused by accidental handling, normal wear-and-tear, and power surges. Often one claim can more than pay for the price of the service contract.

Nowadays, consumers are particularly sensitive to the financial soundness of the companies from which they buy goods and services. Most service contracts have built-in protections against retailer failure:

“Consumers purchasing service contracts can be assured that most plans are administered by third-party providers and are backed by insurance,” Meenan said. “Stringent state laws modeled by the Service Contract Industry Council help ensure the viability of most service contracts, even if the retailer where they were purchased goes out-of-business.”

By the Numbers:

- **641 or 36%:** U.S. stations broadcasting only digital as of 2-17-09 (source: FCC)
- **5.8 million or approx. 5.1%:** Households not DTV-ready as of 2-17-09 (Nielsen Media Research)
- **\$33.2 billion:** 2009 sales forecast for TVs, displays and video components (Consumer Electronics Assoc.)
- **100+ million:** Service contracts sold annually in U.S. for electronic products, appliances, homes and motor vehicles (Service Contract Industry Council)
- **\$264-\$395:** Average out-of-pocket repair fee for LCD, plasma and rear-projection sets (*Consumer Reports*)
- **74%** of consumers buy service contracts because they have used them in the past; and **70%** of consumers find them inexpensive compared to repair costs (*Consumer Reports*)
- **30 days:** Free-look period for consumers to review their service contracts and return for full refund (Service Contract Industry Council)

About SCIC

The Service Contract Industry Council, www.go-scic.com, 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 its industry with standards designed to protect the consumer and the industry.

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