

ARE SERVICE CONTRACTS A GOOD VALUE, OR ARE THEY A RIP OFF?

What is a service contract? How does a service contract help you? When is the service contract beneficial to you?

There are no real definitions of a service contract, but there many types and variations. In fact, there are more types of service contracts than there are M & M's in a ten quart pail. How do you determine which type is the one for you.

We will address a few types in the next few articles.

One of the most popular is the type you pay up front for three to five years. It may cost you around \$500 for the five year coverage. You will be told that you will have an extended coverage for three to five years, no worries, everything is covered.

Well first of all, your generator already came with a two to five year warranty, so what you are actually purchasing is coverage beyond the factory warranty, which may be two or three years. That \$500 is for the years after the factory warranty expires, not necessarily a great value.

This type of warranty will claim 'bumper to bumper' coverage. Well read the fine print. This is not a 'bumper to bumper', instead, there are more exceptions than there is M & M's in the above pail.

Have you ever bought an extended warranty on a product that you purchased at a box store, and then had a problem? In many cases the problem you had falls under one of the exceptions; in which case that extended warranty does nothing for you.

All the warranty and service contracts that I have seen have some exclusion, (except for one service contract that I know off, in which there are no exclusions).

What happens if you never had a cause to call for service? Do you get your money back? No it's lost forever. That \$500 is thrown away.

This type of service contract is not your best value; actually it isn't a good deal at all. Think about this, you are betting \$500 that you generator will break down; they are betting that it won't. Do you think they are going to lose money, of course not? Wouldn't it be nice to get you money back if your generator never broke down? Of all the service contacts I have seen, there is only one service contract that does exactly that.

These types of service contracts have you locked in for multiple years; you can't have someone else service your generator. If you don't like the service, company, or the company goes out of business, your money is lost. Why pay for years in advance?

Wouldn't it be nice to have a 'pay as you go' type of service contract? There are some out there that do just that.

Buying a multiyear contract years in advance, where you lose your money if it is never used is not a good investment. Look for a service contract that you can pay for monthly, have the ability to leave at any time, and get credit for the purchase if your generator never broke down.

If you have any questions, please forward them to dirtygenerators@yahoo.com, and we will try and answer them. We will also answer some of the questions in future articles. Is there a specific topic you would like us to cover? E-mail us and we will try and cover it