



### Obsolescence do you have a strategy?

Obsolescence has always been a component of the electronic industry but never before have so many products been close to, or at the end of their lifecycle, at one time. The digital age has, and will continue to change the landscape of consumer electronics in dramatic ways. Some of you will remember 8-track tapes, black & white TV's, no remote controls, or the Betamax. Even in their obsolescence, these products had clear successors. Like kind, like quality replacements were available offering similar technologies at comparable price points. It's been decades since we have seen the magnitude of technological advancements applied to today's electronics industry but the time is now upon us where decisions have to be made. What renders a product obsolete? What represents an equivalent replacement for an obsolete technology? What if there is no obvious equivalent replacement? What about the legacy products that are incompatible with new systems? As a result of today's considerable innovation, there are significant decisions that you are now going to have to face. Here are some of examples that will require your attention now, or in the very near future.

**Turntables** - The venerable turntable is a great place to start. Until about 6 months ago, inexpensive turntables were still readily available in and around the \$150 to \$200 price range. While turntables are still readily available, the entry point into the market is now closer to \$500 and the price is rising. Most insured's no longer require a turntable and are more than happy to accept an .....(it's a written rule that the first time you mention something with an acronym, spell out exactly what it is the put the short term in brackets..., you never know who's reading it!!!! TV is an exception as everyone in the universe knows what it means...I left this gap so you could write out the actual term, which I've guessed at).... "acceptable cash value" (ACV) settlement. There will be others who still have album collections and will insist on a replacement product. Will a \$500 audiophile grade turntable represent a like kind like quality replacement based on the insured's older, \$150, entry level model? Would you deem the original model obsolete? If you decide it is obsolete, what about their existing collection of albums?

**Picture Tube TV's** - The day's of the picture tube TV are now numbered. Most of today's larger manufacturer's have dramatically scaled back or ceased production of picture tube product lines and the rest will be following their lead sooner, rather than later. From a consumer and retailer's point of view, a Liquid Crystal Display (LCD) or Digital Liquid Plasma (DLP) TV represents an obvious replacement for their picture tube TV. From a technological standpoint, comparing a picture tube to a plasma screen is like comparing your calculator to a Blackberry. From a policy point of view, does it really represent like kind and like quality replacement? In most cases you'll not only be dealing with very different and superior technologies, but also substantially better features...and at much higher price points. Will you replace your insured's \$600, 32" tube TV with a 32", \$2,500.00, LCD. How about a \$1,000, 35" tube TV with a \$ 4,000.00, 42" plasma model? These exact scenarios are being plaid out as you read this article?

**Big Screen TV's** – The number of manufacturers who still produce rear projection, picture tube TV's is fading fast. Once again, if you consider the consumer and retailers point of view, DLP & LCD rear projection TV's represent a logical replacement for older rear projection models. While these new products are closer technologically to the last generation of High Definition (HD), rear projection sets, they are a significant improvement on 5 year old, standard definition sets. The only similarity is the size of the image. Something else to consider, the new sets will require a stand or mounting bracket while the old models often did not.

**Camcorders** – Camcorder technology has also progressed thanks to the digital age but in most instances, the new digital models offer the same or more features as the older, analogue models did, but at the same or lower price points. The issue will likely be, what will you do about your insured's existing tape libraries of family memories? Since the technologies are incompatible, tapes recorded and viewed on the original machine are no longer viewable on the new digital models. There are companies who will gladly convert the old tapes to the new digital format, for a price!

**VCR's** - After surviving the challenge of Betamax and entertaining us for years, the recordable DVD Player and the Personal Video Recorder have signaled the end for the beloved VCR. A few manufacturers still offer a limited selection of models but for the most part, they have ceased production. Even those last remaining companies who still make VCR's acknowledge their production is coming to an end. With dwindling fabrication and limited choices, what do you do when an equivalent product cannot be found? Do you replace a VCR with a DVD Recorder or a Personal Video Recorder? Again, what about the movie collection your insured has accumulated over the years?

**Cassette Decks** - The longtime partner of the turntable, the cassette deck is now obsolete. Thanks to modern technology, it is in the identical situation as the VCR. Replaced by new digital technologies like CD and MP3 players, manufacturers have either ceased, or severely limited their production. More expensive, audiophile quality models are already impossible to find and replace. Mainstream models are now so limited that only a few manufacturers maintaining an inventory of older models and when these inventories dry up, that will be it. What will you say to your insured when they can no longer replace their audiophile quality model? Now what do they do about using their remote control because the manufacturer of their receiver no longer makes a cassette deck?

Technological advancements used to be measured in decades, then in years, and now in months. Your cell-phone contains more processing power than early personal computers and you can now stop and pause "live" TV programs. New technologies are interesting and exciting but for adjusting insurance claims, sudden and significant advancements present some potentially difficult issues. This situation can be more challenging when you consider that, while a technology or model may still exist, stores may no longer be willing to stock it and are disinclined to order. In identifying and preparing for these issues in advance, companies and adjusters can provide answers to insured clients who will surely be asking more and more frequently as new technologies continue to replace older ones. A comprehensive, well thought out strategy will not only lead to consistent decisions but will also make dealing with exceptions or special requirement claims much easier. A specialist in these technologies can aid you in making the right decisions.

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