

§7105. Required provisions; service contracts

1. Form; language. A service contract marketed, sold, offered for sale, issued, made, proposed to be made or administered in this State must be written, printed or typed in clear and understandable language that is in a font size that is easily readable by a person with average eyesight and must conspicuously disclose the requirements set forth in this section, as applicable. A provider may comply with the font size requirement of this subsection by directing the consumer to a publicly accessible website containing a complete sample of terms and conditions of the service contract.

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

2. Notice of reimbursement insurance policy. A service contract insured under a reimbursement insurance policy pursuant to section 7103 must contain a statement in substantially the following form: "Obligations of the provider under this service contract are insured under a service contract reimbursement insurance policy. If the provider fails to pay or provide service on a claim, including any claim for the return of the unearned portion of the provider fee, within 60 days after proof of loss has been filed, the contract holder is entitled to make a claim directly against the insurance company."

The service contract must also state the name and address of the insurer.

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

3. Notice when no reimbursement insurance policy. A service contract not insured under a reimbursement insurance policy pursuant to section 7103 must contain a statement in substantially the following form: "Obligations of the provider under this service contract are backed by the full faith and credit of the provider and are not guaranteed under a service contract reimbursement insurance policy."

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

4. Contact information. A service contract must state the name and address of the provider, the service contract seller and the administrator if different than the provider. A service contract must state the service contract holder's name and address to the extent furnished by the service contract holder. The identities of the service contract seller and service contract holder, to the extent furnished by the service contract holder, are not required to be preprinted on the service contract but may be added to the service contract at the time of sale.

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

5. Purchase price and terms. A service contract must state the total purchase price of the service contract and the terms under which the service contract is sold. The purchase price is not required to be preprinted on the service contract and may be negotiated at the time of sale with the service contract holder.

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

6. Prior approval. A service contract must conspicuously state the procedure for obtaining prior approval for repair work when prior approval is required and for making a claim, including a toll-free telephone number for claim service and a procedure for obtaining emergency repairs performed outside of normal business hours.

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

7. Deductible amount. A service contract must conspicuously state the existence of any deductible amount, if applicable.

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

8. Merchandise and services to be provided. A service contract must specify the merchandise and services to be provided and any limitations, exceptions or exclusions.

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

9. Nonoriginal manufacturer's parts. A service contract covering a motor vehicle must state whether the use of nonoriginal manufacturer's parts is allowed.

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

10. Transferability. A service contract must state any restrictions governing the transferability of the service contract, if applicable.

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

11. Cancellation. A service contract must state the terms, restrictions or conditions governing cancellation of the service contract prior to the termination or expiration date of the service contract by either the provider or the service contract holder. The provider of the service contract shall mail a written notice to the service contract holder at the last known address of the service contract holder contained in the records of the provider at least 15 days prior to cancellation by the provider. The notice must state the effective date of the cancellation and the reason for the cancellation. If a service contract is cancelled by the provider for a reason other than nonpayment of the provider fee, the provider shall refund to the service contract holder 100% of the unearned pro rata provider fee, less any claims paid. An administrative fee not to exceed 10% of the provider fee paid by the service contract holder may be charged by the provider.

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

12. Obligations and duties. A service contract must set forth all of the obligations and duties of the service contract holder, such as the duty to protect against any further damage and any requirement to follow instructions in the owner's manual.

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

13. Consequential damages. A service contract must state whether the service contract provides for or excludes consequential damages or preexisting conditions, if applicable. A service contract may, but is not required to, cover damage resulting from rust, corrosion or damage caused by a noncovered part or system.

[PL 2011, c. 345, §4 (NEW); PL 2011, c. 345, §7 (AFF).]

SECTION HISTORY

PL 2011, c. 345, §4 (NEW). PL 2011, c. 345, §7 (AFF).

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