

## THE CONSTANT CORNER

### LAWS ON EXTENDED WARRANTIES AND SERVICE CONTRACTS

Are you in the market to purchase a major appliance or a new or used vehicle? If so, should you get that extended warranty or service contract that the salesperson is pressuring you to buy?

Let's take a look at state laws regarding service contracts and extended warranties. Then you can decide.

Our New Hampshire Statute requires that a service contract or extended warranty be set up either as a contract of insurance, or a non-insurance warranty.

A "contract of insurance" extended warranty MUST be offered by a licensed insurance agent because it is indeed an insurance contract. It works much the same way as an auto insurance policy.

If a dealer issues a "NON-INSURANCE" extended warranty, it poses a much greater risk to the consumer. New Hampshire Statute states that dealers who issue non-insurance extended warranties MUST POST A \$50,000.00 BOND with the New Hampshire Insurance Department before any service contracts or extended warranties can be sold in New Hampshire. Then, if the dealer breaks any promises in your contract, you can sue him for damages and attorney fees and have the money taken out of the bond to pay for the damages.

DO NOT BUY ANY CONTRACTS WITHOUT READING THE FINE PRINT CAREFULLY. Why?

1. Some parts may not be covered.
2. There may be "escape clauses" built into the small print. This means that if you didn't get your oil changed every 3000 miles at the dealership you bought the car from, you won't be covered.

Always check with the New Hampshire Insurance Department in Concord NH if you need more information on a dealership or merchant who is offering you either a service contract or extended warranty. It is much better to be safe than sorry.

From the desk of Jane Constant

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