



Consumer Tips on Product Service Contracts

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CONSUMER INFORMATION SHEET

California Consumer Protections Cover Service Contracts for Many Products

From TVs to toasters, products sold to Californians often come with an extra-cost option: a service contract. Thanks to recent changes in the law, even more types of contracts are covered by consumer protection standards. Service contracts are like an insurance policy, paying to repair or replace the product if it breaks down after warranties expire. Is it worth the extra money? The following tips can help you decide.

Be a smart consumer – shop wisely

- ✓ Service contracts are an option for the customer to buy. Don't cave in to a salesperson's pressure! Ask to see a copy of the terms and conditions of the contract and the time to make the right decision for **your** needs.
- ✓ Compare warranty coverage with the service contract.
- ✓ Keep a copy of any paperwork received, including the original receipt and service contract in a safe place.

What to look for in a service contract

- ✓ Is it clear when the contract begins and ends?
- ✓ Does the contract cover the whole product, or only major components?
- ✓ Is there a deductible fee for service or any other charges?
- ✓ Does the contract cover preventative maintenance?
- ✓ Is there an address where the product may be taken for service or a toll-free number to call?

Know your rights

- ✓ You may cancel a contract, in writing, within 30 days of receiving the contract for a full refund, minus any claims that have been paid.
- ✓ After 30 days, you are entitled to receive a prorated refund.
- ✓ The seller may charge an administration fee of \$25 or 10% of the original price of the contract (whichever is less) if the contract is canceled after the first 30 days.

Sellers and administrators of service contracts for the following products must be registered with the California Bureau of Electronic and Appliance Repair (BEAR):

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| • furniture | • phone equipment | • power tools |
| • lawn and garden equipment | • fitness equipment | • jewelry |
| • home health care products | • small kitchen appliances and tools | |
| • electronic equipment | • major home appliances | |

Contract sellers must demonstrate financial responsibility, among other requirements. To check contract seller and administrator registration status online, or to learn more about evaluating service contracts, visit the Bureau's Web site at www.bear.ca.gov.

If you are having a problem getting your product repaired under a service contract, first try to resolve it with the retailer or administrator. If that doesn't work, please contact BEAR.