



DISB ANNOUNCEMENTS

Department of Insurance, Securities and Banking | 810 First Street, NE, Suite 701 | Washington, DC 20002 | (202) 727-8000 | www.disb.dc.gov

Service Contracts and Warranties

The D.C. Department of Insurance, Securities and Banking (DISB) regulates service contracts and warranties when they are underwritten by an insurance company licensed or authorized to do business in the District of Columbia. If your service contract or warranty is underwritten by an insurance company licensed or authorized by our Department you may have recourse should you have a complaint. Service contracts and warranties, not underwritten by an insurance company, are subject to other regulatory authority.

What you need to know about Service Contracts and Warranties

A **warranty** is a written promise a manufacturer or seller of a product states about the merchantability or fitness of that product. A warranty provides repair, replacement and/or service on that product for a determined amount of time after purchase. Some companies offer extended warranties (sometimes called service contracts) for a product. These can be included in the price of a product or sold separately.

A **service contract**, like a warranty provides repair and/or service of a product for a determined time period after the product has been purchased. In some instances a service contract covers more than the warranty. Usually, a warranty is included in the purchase price of the product. Service contracts cost extra and are sold as a stand alone product by the retailer.

It is important to note: If you purchase a product that does not have a written warranty, certain implied warranties would apply unless it is marked "As Is".

You may want to consider the following before you purchase a service contract or extended warranty:

What time period and repairs are covered by the service contract or warranty? Who is offering and/ or underwriting the service contract? Is there a deductible or other out-of-pocket expense required? Where are the servicing companies? Who would I contact if I have a complaint?

The Magnuson-Moss Warranty Act is the federal law that governs consumer product warranties. This law was passed by congress in 1975. The Act requires manufacturers and sellers of consumer products to provide consumers with detailed information about

warranty coverage before you purchase the product. In addition, the Act spells out the rights of consumers and the obligation of warrantors under written warranties.

If you are not sure whether your service plan or warranty is underwritten by an insurance company licensed or authorized to do business in the District of Columbia you can contact DISB's Insurance Bureau, Forms and Analysis Branch at (202) 442-7798 or 442-7799.