

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

State of Arkansas
87th General Assembly
Regular Session, 2009

As Engrossed: H3/26/09

A Bill

HOUSE BILL 2028

By: Representative Carroll

For An Act To Be Entitled

AN ACT TO REGULATE THE SALE OF HOME EXTENDED
WARRANTY COVERAGE AND HOME SERVICE CONTRACTS TO
PROVIDE GREATER CONSUMER PROTECTION; AND FOR
OTHER PURPOSES.

Subtitle

TO REGULATE THE SALE OF HOME EXTENDED
WARRANTY COVERAGE AND HOME SERVICE
CONTRACTS TO PROVIDE GREATER CONSUMER
PROTECTION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 4-114-107 is amended to read as follows:
4-114-107. Prohibited acts.

(a)(1) A provider shall not use a name:

(A) With the words "insurance", "casualty", "surety",
"mutual", or any other words descriptive of the insurance, casualty, or
surety business; or

(B) Deceptively similar to the name or description of any
insurance or surety corporation or any other provider.

(2)(A) This subsection shall not apply to a company that was
using any of the prohibited language in its name ~~prior to~~ before October 1,
2007.

(B) However, a company using the prohibited language in
its name shall conspicuously disclose in bold print in its service contracts
that the service contract is not an insurance contract.



(b) A provider or its representative shall not:

(1) ~~in~~ In its service contracts or literature make or permit or cause to be made any false or misleading statement or deliberately omit any material statement that would be considered misleading if omitted in connection with the sale, offer to sell, or advertisement of a service contract; or

(2)(A) Service, repair, or replace an item or product under a service contract with products or parts that do not meet the current energy-efficiency and other standards of the industry.

(B) A provider shall give a consumer the option of accepting the equivalent value of the total cost of service, repair, and replacement of an item or product under a service contract:

(i) In money; or

(ii) As a credit toward the purchase of a new item or product under the service contract.

(c) A person, including without limitation a bank, savings and loan association, lending institution, manufacturer, or seller of any product shall not require the purchase of a service contract as a condition of a loan or a condition for the sale of any property.

(d) A service contract shall not be sold, assigned, or transferred in this state unless the provider or its representative:

(1) Communicates a summary of the service contract directly to the consumer; and

(2) Provides the consumer a telephone number to answer any questions the consumer asks about the service contract.

SECTION 2. Arkansas Code § 4-114-106(g), concerning disclosures required by the Service Contracts Act, is amended to add an additional subdivision to read as follows:

(9) Conspicuously disclose in bold print in its service contracts that the service contract is not an insurance contract.

/s/ Carroll