

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.

1 State of Arkansas
2 87th General Assembly
3 Regular Session, 2009
4

As Engrossed: H3/26/09 H4/3/09

A Bill

HOUSE BILL 2028

5 By: Representative Carroll
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For An Act To Be Entitled

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

Subtitle

14 TO REGULATE THE SALE OF HOME EXTENDED
15 WARRANTY COVERAGE AND HOME SERVICE
16 CONTRACTS TO PROVIDE GREATER CONSUMER
17 PROTECTION.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code § 4-114-107 is amended to read as follows:
24 4-114-107. Prohibited acts.

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

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

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

31 (2)(A) This subsection shall not apply to a company that was
32 using any of the prohibited language in its name ~~prior to~~ before October 1,
33 2007.

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



1 (b) A provider or its representative shall not:

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

7 (2)(A) Under a home service contract:

8 (i)(a) Except as provided in subdivision

9 (b)(2)(A)(i)(b) of this section, service or repair an item or product with
10 used products, used parts, or products or parts other than the original
11 manufacturer's products or parts.

12 (b) If disclosed in accordance with § 4-114-

13 106:

14 (1) New products or new parts may be
15 used if the original manufacturer's products or parts are not available; and

16 (2) Used products or used parts may be
17 used if the original manufacturer's products or parts are not available and
18 new products or new parts are not available; or

19 (ii) Replace an item or product with products or
20 parts that do not meet:

21 (a) If applicable, the United States
22 Department of Energy efficiency requirements or other minimum current energy-
23 efficiency standards for the item or product; and

24 (b) All other standards of the industry.

25 (B) If the cost to service or repair an item or product
26 under a home service contract exceeds thirty percent (30%) of the cost to
27 replace the item or product with an item or product that meets the minimum
28 energy-efficiency standards, if applicable, and other minimum industry
29 standards, a provider shall give a consumer the option of accepting the
30 equivalent value of the total cost to service and repair the item or product
31 as a credit toward the purchase of a new item or product under the home
32 service contract.

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

1 (d) A home service contract shall not be sold, assigned, or
2 transferred in this state unless the provider or its representative provides
3 to the consumer a:

4 (1) Written summary or link to a website containing a
5 description of the home service contract; and

6 (2) Telephone number to answer questions the consumer asks about
7 the home service contract.

8 (e) As used in this section, "home service contract" means a service
9 contract that covers the service, repair, or replacement of appliances,
10 equipment, and if applicable, other products located on the premises at the
11 time a home is purchased by a consumer.

12
13 SECTION 2. Arkansas Code § 4-114-106(g), concerning disclosures
14 required by the Service Contracts Act, is amended to add an additional
15 subdivision to read as follows:

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

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20 /s/ Carroll
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