



Consumer Alert

Appliance Service Plans – Read the Fine Print



Many utility companies offer *home appliance service plans* that provide repair coverage on furnaces, central air conditioners, water heaters, clothes washers and dryers, range/ovens, and many other home appliances. Under these types of plans, the customer pays the company a yearly fee and the company agrees to repair any appliances covered under the plan. In the event of a covered repair, customers are not charged for parts, labor, or a service trip. However, as with any maintenance or service plan, you should read the fine print carefully to make sure you understand the costs, terms, and limitations of these plans.

Before purchasing an appliance service plan, consider the following points:

Costs

Always consider whether the yearly cost is worth the advantage of having coverage in the event of an appliance breakdown. Companies offer a variety of service plans. Costs vary, depending on the type of coverage each plan offers. For example, a basic plan covering only a furnace can cost around \$70-85 a year. A deluxe plan covering all major appliances might cost over \$220 a year.

Covered Services and Non-Covered Services

Always ask for a complete list of covered services and parts, and what is not covered. Some services and parts you might expect to be covered may not be covered. For example, a furnace tune-up and safety check is not covered under most standard furnace service plans.

Service Employees

Some utility companies use employees (contractors) other

than their own for service calls. Ask the company if its contractors are licensed, bonded, and carry appropriate insurance. Request a list of the company's approved contractors.

Limitation of Liabilities

Carefully review the terms and conditions of the plan. An appliance service plan often limits the company's liability if it is unable to respond to a service call or successfully repair a covered appliance. For example, under most plans, a utility company will not pay for a repair when the company did not respond to a service call promptly due to workload emergencies or weather conditions – and the customer chose to have another contractor make the repair. Under some plans, if the company's cost to repair an appliance exceeds its current market value, the company will not repair it. Ask for a copy of the terms and conditions of the plan and review it carefully.

