

Appliance Service Plans

(Not regulated by the MPSC)

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Who supplies home appliance service plans, and what do these plans do?

Many utility companies offer home appliance service plans. These plans provide repair coverage on the following:

- Furnaces.
- Central air conditioners.
- Water heaters.
- Washers and dryers.
- Range/ovens.
- Many other home appliances.

How do appliance service plans work?

Under these types of plans, the customer pays a yearly fee, and the company agrees to repair any appliances covered under the plan. 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.

What should I consider before buying an appliance service plan?

Consider the following points before buying an appliance service plan:

Costs

- Always consider whether the yearly cost is worth the advantage of having coverage in case of an appliance breakdown.
- Companies offer a variety of service plans, and costs vary, depending on the type of coverage each plan offers.

Covered & noncovered services

- Ask for a complete list of services and parts that the plan covers and what the plan does not cover.

- Remember that the plan may not cover some services and parts that you might expect. For example, most standard furnace service plans may not cover furnace tune-ups and safety checks.

Service employees

- Some utility companies use employees other than their own contractors for service calls.
- Ask the company if its contractors have proper credentials, such as license, bond, and insurance.
- Request a list of the company's approved contractors.

What is the limitation of liabilities?

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.