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# A BILL FOR AN ACT

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RELATING TO SERVICE CONTRACTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1       SECTION 1. Chapter 481X, Hawaii Revised Statutes, is  
2       amended by adding a new section to be appropriately designated  
3       and to read as follows:

4       "§481X-       Claims under an extended warranty; provider  
5       disclosure. When a contract holder makes a claim under an  
6       extended warranty for the first time within the applicable time  
7       period of the extended warranty, the provider shall disclose to  
8       the contract holder that, pursuant to section 481X-7(b), if the  
9       claim is charged against the extended warranty, the contract  
10       holder shall no longer be entitled to a refund of the full  
11       purchase price of the extended warranty."

12       SECTION 2. Section 481X-1, Hawaii Revised Statutes, is  
13       amended by amending subsection (a) to read as follows:

14       "(a) This chapter shall not apply to:

15       (1) Express or implied warranties; provided that express  
16       or implied warranties shall not be deemed to include  
17       extended warranties;



1 (2) Maintenance agreements; and

2 (3) Warranties, service contracts, and maintenance  
3 agreements offered by public utilities on their  
4 transmission devices to the extent they are regulated  
5 by the public utilities commission or the department  
6 of commerce and consumer affairs."

7 SECTION 3. Section 481X-2, Hawaii Revised Statutes, is  
8 amended by amending the definition of "service contract" to  
9 read:

10 "Service contract" means a contract or agreement for a  
11 separately stated consideration and a specific duration, to  
12 perform or indemnify the repair, replacement, or maintenance of  
13 property for operational or structural failure due either to a  
14 defect in materials or artisanship, or to normal wear and tear,  
15 with or without additional provision for incidental payment or  
16 indemnity under limited circumstances, including but not limited  
17 to towing, rental, and emergency road service. Service  
18 contracts may provide for the repair, replacement, or  
19 maintenance of property damaged by power surges, or accidentally  
20 damaged during handling. A "service contract" includes an  
21 extended warranty."



# H.B. NO. 1422

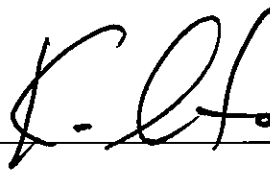
1       SECTION 4. This Act does not affect rights and duties that  
2 matured, penalties that were incurred, and proceedings that were  
3 begun before its effective date.

4       SECTION 5. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6       SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_



JAN 29 2015



# H.B. NO. 1422

**Report Title:**

Service Contracts; Extended Warranties; Disclosure

**Description:**

Applies the law on service contracts to include extended warranties. Requires providers to disclose to contract holders submitting a claim for the first time under an extended warranty that if the service is charged to the extended warranty the contract holder will no longer be entitled to a full refund.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

