

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1561

S.P. 589

In Senate, April 17, 1991

Reference to the Committee on Business Legislation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

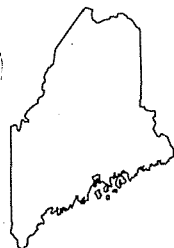
JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator CLEVELAND of Androscoggin
Cosponsored by Representative GURNEY of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

An Act to Guarantee Repairs under Service Contracts.



Be it enacted by the People of the State of Maine as follows:

10 MRSA c. 214-A is enacted to read:

CHAPTER 214-A

SERVICE CONTRACTS

§1441. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Consumer product. "Consumer product" means any tangible personal property that is distributed in commerce and normally used for personal, family or household purposes including any such property intended to be attached to or installed in any real property without regard to whether it is attached or installed.

2. Service contract. "Service contract" means a written contract to perform, over a fixed period of time or for a specific duration, services related to the maintenance or repair of a consumer product. Service contracts supplement any express warranty provided purchasers of a consumer product.

§1442. Sales of service contracts

When a supplier that sells a consumer product also sells a service contract that is administered or guaranteed by a separate business organization, the supplier is responsible for fulfilling the terms of the service contract if the separate business organization ceases to do business.

§1443. Notice to purchasers

When a supplier sells a service contract that is administered or guaranteed by a separate business organization to a purchaser of a consumer product, the supplier shall provide the consumer a written notice stating that if the separate business organization ceases to do business, the supplier will fulfill the terms of the service contract.

§1444. Unfair trade practice

Violation of this chapter is prima facie evidence of violation of Title 5, section 207.

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STATEMENT OF FACT

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6 Service contracts are extended repair agreements that are
8 sold separately from a consumer product and provide the consumer
10 purchaser with protection against breakdowns that are not covered
12 by the product's regular express warranty. Service contracts are
14 often administered or guaranteed by companies separate from the
16 sellers of the consumer goods. In the past, Maine consumers have
purchased separate service contracts only to later find out that
the service contract company has gone out of business. This bill
provides that the seller of the consumer product must make any
repairs or service calls covered by the service contract if the
company administering the service contract goes out of business.

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