



NEWS RELEASE

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AMENDMENT TO ARIZONA LAW ELIMINATES EXEMPTION AND STRENGTHENS REGULATIONS ON HOME SERVICE CONTRACTS

Consumers to Benefit Say Industry Leaders

(OLATHE, KS – July 10, 2008) -- Until recently any contractor licensed in the state of Arizona could sell a homeowner a home service contract that covered items such as dishwashers, garbage disposals, and heating and cooling systems. It doesn't sound like a problem until you realize that many of these smaller contractors weren't financially stable or qualified to provide the service they were marketing.

That has now changed.

Adopted and signed into law on May 8th, 2008, House Bill 2224 has eliminated a major exemption in the Arizona Service Company Act, further protecting consumers.

The Act licenses and regulates all companies within the state offering home service contracts. For an annual fee, these contracts provide service, repair or replacement of major built-in household appliances and home systems that become inoperable due to normal wear and tear. Contracts generally cover items such as dishwashers, ovens, disposers, wiring and plumbing systems and major systems such as heating, ventilation and air conditioning (HVAC). The home service contract industry and Realtors™ often refer to these contracts as home warranties.

Unfortunately for consumers, when the Act was initially adopted, it provided an exemption for licensed contractors – plumbers, electricians, etc. This meant that these individuals could offer consumers contracts without being subject to regulation.

“We believe that this legislation helps ensure consumers in the state of Arizona receive a quality product while maintaining integrity for our industry,” said Mark Lightfoot, president of the National Home Service Contract Association. “The NHSCA worked

closely with the Arizona House, home service contractors, The Arizona Association of REALTORS® (AAR), former Insurance Commissioner David Childers, as well others, to enact this legislation,”

These previously exempt contractors will now have to comply with regulations required by the Act such as financial regulations, consumer disclosures and enforcement by the Insurance Director.

The National Home Service Contract Association (NHSCA) is a non-profit 501(c) (6) industry trade organization of member companies serving home service contract providers and consumer interests throughout the United States.

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