

1 to require the application of the referenced statutory penalty
2 provisions where this subsection is not applicable.

3 Section 2. Subsection (13) of section 634.401, Florida
4 Statutes, is amended to read:

5 634.401 Definitions.--As used in this part, the term:

6 (13) "Service warranty" means any warranty, guaranty,
7 extended warranty or extended guaranty, maintenance service
8 contract equal to or greater than 1 year in length or which
9 does not meet the exemption in paragraph (a), contract,
10 agreement, or other written promise for a specific duration to
11 perform the repair, replacement, or maintenance of a consumer
12 product, or for indemnification for repair, replacement, or
13 maintenance, for the operational or structural failure due to
14 a defect in materials or workmanship, normal wear and tear,
15 power surge, or accidental damage from handling to indemnify
16 ~~against the cost of repair or replacement of a consumer~~
17 ~~product~~ in return for the payment of a segregated charge by
18 the consumer; however:

19 (a) Maintenance service contracts written for less
20 than 1 year ~~or less~~ which do not contain provisions for
21 indemnification and which do not provide a discount to the
22 consumer for any combination of parts and labor in excess of
23 20 percent during the effective period of such contract, motor
24 vehicle service agreements, transactions exempt under s.
25 624.125, and home warranties subject to regulation under parts
26 I and II of this chapter are excluded from this definition;
27 ~~and~~

28 (b) The term "service warranty" does not include
29 service contracts between consumers and condominium
30 associations; ~~and-~~

31

1 (c) All contracts that include coverage for accidental
2 damage from handling must be covered by the contractual
3 liability policy referred to in s. 634.406(3).

4 Section 3. This act shall take effect upon becoming a
5 law and shall apply retroactively to January 1, 1998.

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7 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
8 COMMITTEE SUBSTITUTE FOR
9 Senate Bill 2498

10 The committee substitute expands the definition of a "service
11 warranty" that may be sold by a licensed service warranty
12 association to include normal wear and tear, power surge
13 damage, and accidental damage from handling. The bill also
14 revises the definition to cover warranties of 1 year or
15 longer. Any warranty contract that includes coverage for
16 accidental damage from handling must be covered by a
17 contractual liability policy purchased by the warranty
18 association covering 100 percent of its total claim exposure.