

486

Honolulu, Hawaii

February 26, 2015

RE: H.B. No. 1422

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1422 entitled:

"A BILL FOR AN ACT RELATING TO SERVICE CONTRACTS,"

begs leave to report as follows:

The purpose of this measure is to protect consumers by providing them with more information to make informed decisions regarding their service contracts.

Specifically, the measure:

- (1) Requires that extended warranty contract providers disclose that contract holders making a claim for the first time under an extended warranty will no longer be entitled to a refund of the full purchase price of the extended warranty; and
- (2) Includes extended warranties within the definition of "service contract," and thereby includes extended warranties within the scope of state laws regulating service contracts.

The Department of Commerce and Consumer Affairs submitted testimony in support of this measure.

Your Committee believes that it is important for contract holders to be fully informed when making a claim under an extended




warranty and finds that this measure provides for adequate disclosure of information to contract holders of their rights under an extended warranty. Your Committee further finds that it is appropriate to establish that extended warranties are service contracts to ensure that they are subject to state law on service contracts.

Your Committee has amended this measure by changing the effective date to June 30, 2112, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1422, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1422, H.D. 1, and be referred to the Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



