Extended warranties, service contracts, and mechanical breakdown insurance are functionally equivalent to each other. The consumer pays an additional amount to the seller or a third party for protections against product defects beyond those offered by the express and implied warranties. Service contracts and extended warranties are technically not warranties and not covered by the UCC. They are not part of the original basis of the bargain for the product’s purchase, because there is an extra charge for them.\textsuperscript{446} On the other hand, the Magnuson-Moss Warranty Act applies to service contracts. The Federal Trade Commission has retracted its former position that it does not cover such contracts in states that regulate them as insurance.\textsuperscript{447}

Chapter 20 \textsuperscript{[1]}, \textit{infra}, examines the consumer’s rights when enforcing such contracts or when the contract coverage is less than the consumer assumed. The consumer’s rights are generally determined by state service contract and/or insurance law, the Magnuson-Moss Warranty Act, UDAP statutes, and ordinary contract law.

**Footnotes**

\textsuperscript{446} [413] \textit{See} § 20.2 \textsuperscript{[2]}, \textit{infra}.

\textsuperscript{447} [414] \textit{See} § 20.5.5 \textsuperscript{[3]}, \textit{infra}.

**Source:** National Consumer Law Center, Consumer Warranty Law [5th ed.], updated at www.nclc.org/library

**Source URL:** https://library.nclc.org/cwl/01090106

**Links**

\[1\] https://library.nclc.org/nclc/link/CWL.20
\[2\] https://library.nclc.org/nclc/link/CWL.20.02
\[3\] https://library.nclc.org/nclc/link/CWL.20.05.05