
DIGEST

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Ritchie

HB No. 400

Abstract: Provides that an otherwise valid claim shall not be denied solely because of the contract holder's failure to obtain prior approval.

Present law recognizes a "home service contract" as a contract or agreement between the contract holder and the contract provider whereby the contract holder agrees, for a specific duration of time, to perform or indemnify the service, repair, replacement, or maintenance of property for the operational or structural failure of a residential property due to a defect in materials, workmanship, inherent defect, or normal wear and tear. Home service contracts may include additional provisions which alter the rights and duties of the parties.

Present law requires home service contracts to set forth all of the obligations and duties of the contract holder in clear and understandable language.

Proposed law retains present law.

Present law requires that a home service contract which requires prior approval of repair work to state the procedure the contract holder must follow in order to obtain prior approval and to make a claim. Present law further requires the contract provider to include a toll-free telephone number for claim service.

Proposed law retains present law and further states that a home service contract provider shall not deny a contract holder's otherwise valid claim for repair based solely on the contract holder's failure to obtain prior approval before commencing the repair.

(Amends R.S. 22:1806.5(L))