



Is a Home Warranty Right For You?

Whether you are given the “incentive” of a home warranty on your new home or buying it for an existing home, it’s important to remember that [not all home warranties are alike](#) or offer the kind of coverage you might believe is included. Here’s what you need to know:

- ✓ **A home warranty is not an insurance policy.** It is a [service contract](#) to covers repairs for appliances or systems in your home.
- ✓ **Review the costs of the service contract against the benefits.** In addition to the cost of the warranty, the plan may charge a fee per visit, and have a deductible or cap. You generally cannot choose your repair company and must accept who is sent. If the policy promises replacement, determine if its depreciated value or present new value.
- ✓ **Beware of exclusions.** Warranties may require that systems be less than a certain age or maintained a certain way before repairs are covered. Certain items may not be covered at all, like commercial grade appliances. Be sure [you know what is covered](#).
- ✓ **Compare the annual cost against expected repairs.** Think about the age of the systems or appliances covered and how much it will cost to repair or replace them. Decide if the service contract is [a good deal](#) by comparing those costs to the contract price of the warranty and fees you’ll need to contribute.
- ✓ **Check reviews.** Determine if there is an history of good customer service or string of [bad faith denials](#). Do they send skilled technicians or unlicensed companies that only incur a visit fee and disappear? But beware of [paid for reviews](#).



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