



# What is a **HOME WARRANTY?**

---

**A HOME WARRANTY** is a contract between a homeowner and a home warranty company that provides for discounted repair and replacement service on a home's major components, such as the furnace, air conditioning, plumbing and electrical system. A home warranty may also cover major appliances such as washers and dryers, refrigerators and swimming pools. Most plans have a basic component that provides all homeowners who purchase a policy with certain coverages. In addition to the standard items, expanded coverage can usually be added at a premium.

A home warranty is not the same as homeowners insurance, nor is it a replacement for homeowners insurance. Homeowners insurance covers major perils such as fire, hail, property crimes and certain types of water damage that could affect the entire structure and/or the homeowner's personal possessions. A home warranty does not cover these perils.

Home warranty companies have agreements with approved service providers. When something that is covered by a home warranty breaks down, the homeowner calls the home warranty company, and the home warranty company sends one of its service providers to examine the problem. If the provider determines that the needed repair or replacement is covered by the warranty, the homeowner only pays a small service fee per your service call at the time service is rendered.

The annual cost can vary depending on coverages and exclusions, but typically ranges from a few hundred dollars for small condominiums to eight hundred dollars for larger homes. This is a negotiable item on the contract.

---