

## Chapter 32 Extended Product Features

### Section 32.1 Warranties

#### Review Key Concepts

1. An express warranty is a warranty that is clearly stated, either in writing or verbally, to encourage a customer to make a purchase. An implied warranty is one that takes effect automatically by state law when a purchase is made.
2. A full warranty is one that completely covers the repair or replacement of any defect in a consumer product. A limited warranty may exclude certain parts of the product from coverage or require the customer to bear some of the expense for repairs resulting from defects.
3. A warranty disclaimer is a statement that contains exceptions to and exclusions from a warranty.

#### Practice Academics

##### English Language Arts

4. Students should write a one-page paper in which they discuss a specific product, the type of warranty it comes with, the terms of the warranty, and whether the warranty is appropriate for this type of product. For example, a GE<sup>®</sup> 22-cubic-foot refrigerator with bottom freezer comes with a one-year limited warranty that covers functional parts and labor costs, but does not cover food spoilage. An extended warranty for up to 15 years is available at an additional cost. It covers functional parts and labor costs and includes a \$100 allowance for food spoilage.

##### Mathematics

5. 35% ( $\$1,250,420/\$3,560,700$ )