

1. **INTRODUCTION.** These Terms and Conditions, together with Your Confirmation Letter and Coverage Details, govern the A/C System Protection Plan (collectively, the “Plan”) between You and Us, including coverage information, claims instructions, cancellation rights, limitations and exclusions, and other important information. Please read these documents carefully.

This Plan requires the resolution of disputes through individual small claims action or individual arbitration. Please read Section 13 for further information that affects Your legal rights.

2. **DEFINITIONS.** The following terms have the meanings set forth below:

- (a) “Administrator” means Service Net Warranty, LLC, 650 Missouri Avenue, Jeffersonville, IN 47130, 877-699-8790.
- (b) “Contract Start Date” means the date this Plan takes effect, as listed in Your Coverage Details.
- (c) “Coverage Start Date” means the date You first become eligible for coverage under this Plan. The Coverage Start Date is 30-days from the Contract Start Date and is listed in Your Coverage Details.
- (d) “Enrollment Date” means the date You enrolled for coverage under this Plan, as listed in Your Coverage Details.
- (e) “A/C System” means the principal central air conditioning system located at Your Service Address. Covered components are those components of Your A/C System which are not specifically excluded in Section 10.
- (f) “Initial Term” is defined in Section 3(a).
- (g) “Obligor,” “Us,” “We,” and “Our” mean AIG WarrantyGuard, Inc., 500 W. Madison St., Ste. 3000, Chicago, IL 60661, 877-699-8790.
- (h) “Plan” is defined in Section 1.
- (i) “Plan Fee” means the monthly price due for this Plan. The Plan Fee is listed in Your Coverage Details.
- (j) “Renewal Term” is defined in Section 3(a).
- (k) “Residential Dwelling” means property that is zoned and used for residential living, including single-family homes, townhomes, condominiums, multi-family properties (i.e., a duplex or triplex), and mobile homes attached to a permanent foundation. Residential Dwelling does not include property listed on a historical register and property used, in whole or in part, for business purposes, including day-cares, group-homes, rest-homes, churches, schools, and sororities/fraternities.
- (l) “Seller” means Energy Texas, 5373 W. Alabama, Suite 650, Houston, TX 77056.
- (m) “Service Address” means the property address listed in Your Coverage Details that is enrolled for coverage under this Plan.
- (n) “Term” means the Initial Term and any Renewal Terms under the Plan.
- (o) “Wait Period” means the 30-day period between the Contract Start Date and the Coverage Start Date where any losses and claims are ineligible for coverage.
- (p) “You” and “Your” mean the Plan holder named in the Coverage Details or assignee of these benefits.

3. **TERM, AUTOMATIC RENEWAL, & MONTHLY PAYMENTS.**

- (a) This Plan commences on the Contract Start Date and remains in effect for an initial term of one month (“Initial Term”). This Plan automatically renews at the end of the Initial Term for subsequent monthly terms (each, a “Renewal Term”) unless it is properly cancelled, terminated, or non-renewed.
- (b) Your Plan includes a Wait Period from the Contract Start Date before you become eligible for coverage. For clarification purposes, Your Wait Period may include all or a significant portion of Your Initial Term. **ANY LOSSES THAT OCCUR OR TAKE PLACE DURING THE WAIT PERIOD ARE NOT ELIGIBLE FOR COVERAGE.** The Wait Period only applies to the Initial Term and does not apply to any Renewal Term.

- (c) The Plan Fee must be paid monthly for You to remain eligible for coverage. Should you become unable to pay the Plan Fee through the Seller's payment terms, We reserve the right to charge you independent of the Seller's payment terms. We reserve the right to change or modify Plan Fees or coverage terms applicable to any Renewal Term by providing you with at least thirty (30) days' prior written notice.

4. YOUR RESPONSIBILITIES & ELIGIBILITY REQUIREMENTS.

- (a) Your A/C System must be in good working order as of the Coverage Start Date and must be properly maintained and operated throughout the Term, in accordance with the manufacturer's instructions, to be eligible for coverage.
- (b) Your A/C System will not be eligible for coverage if serial or model numbers have been removed or made illegible.
- (c) Your Service Address must be a Residential Dwelling for Your A/C System to be eligible for coverage. This Plan does not cover A/C Systems that are damaged in common areas or other locations of the Service Address that You do not own or are not responsible for maintaining. This Plan will not provide coverage for any seasonal or vacation properties that you do not permanently occupy or Residential Dwellings that remain unoccupied for more than 90 consecutive days.
- (d) We recommend that You maintain Your A/C System in accordance with the manufacturer's instructions and guidelines. You are responsible for scheduling any needed maintenance. Proof of maintenance may be required during the claims process.
- (e) We may require You to provide Your Plan's contract number, as shown in Your Confirmation Letter, and other relevant information to be eligible for coverage. Please keep these documents in a readily accessible location for future use.
- (f) We may require You to pay a deductible. Please review Your Coverage Details for any applicable deductible.

5. SCOPE OF COVERAGE.

- (a) Subject to this Plan's limitations and exclusions, We will arrange and pay for Your A/C System's repair, as determined in Our sole discretion, if Your A/C System fails to perform as the manufacturer intended during normal usage due to structural or operational failures caused by defects in materials or workmanship, normal wear and tear, or power surge.
- (b) If Your Service Address has more than one A/C system, this Plan will only provide coverage for the first A/C System for which you make a service call. A separate Plan will need to be purchased if You desire coverage for any other systems at Your Service Address. For clarity, a mini-split system is treated as one central A/C System for the purposes of this Plan.
- (c) This Plan does not cover pre-existing conditions or losses to Your A/C System that occur prior to the Coverage Start Date.
- (d) Repair parts or replacement products may be new, used, refurbished, non-original, like-kind, or remanufactured and may not match the exact model or color as Your original A/C System.
- (e) We are not responsible for the loss of any data due to the breakdown, repair, or replacement of Your A/C System.
- (f) This Plan will cover the following components of Your A/C System: Primary cooling system (including one with a heat function); Capacitors; Circuit boards; Internal fuses; Breakers; Condenser motors; Condenser fan; Contactor switches; Delay time; Fan controls; Fan relays; Filter dryer; High and low pressure switches; Limit controls; Coolant necessitated by a covered repair; Relays; Transformers; Valves; Coils; Accumulator; Compressor; Thermostat; Refrigerant reclamation, subject to refrigerant recharge limitation; Leak search; Brazing materials; Air handlers; and Costs associated with disposal and permits. Notwithstanding the foregoing, refrigerant replenishment or top-off provided as a standalone repair and not provided in connection with other corresponding covered component repair will be limited to two (2) pounds.

6. LIMITS OF LIABILITY.

- (a) Per Claim Limits. Our maximum liability per covered claim shall not exceed \$800.
- (b) Annual Limits. Notwithstanding the foregoing, our maximum, aggregate liability for all covered claims during the 12-month period from the Contract Start Date—and each subsequent 12-month period thereafter—is \$3,000. We will not pay more

than \$3,000 during each 12-month period from the Contract Start Date. The date of failure will determine the 12-month limit of liability applicable to any claim. Breakdowns that occur during any given 12-month period will be subject to the limits applicable to that 12-month period.

7. **CASH BUYOUT POLICY.** If We are unable to repair Your A/C System for any reason, such as where required parts or components are obsolete, on extended backorder, or otherwise irreplaceable or unrepairable with an item of like-kind or quality—as determined in Our sole discretion— We may buyout a covered claim with a cash settlement up to the annual claim limit, less the amount of any prior claims paid during the applicable 12-month period. We will satisfy all Our obligations for any given claim upon the issuance of a buyout check pursuant to this section.

8. **HOW TO FILE A CLAIM?**

(a) To initiate a claim, call the Administrator toll-free at 877-699-8790 or initiate a claim online by visiting www.energytexas.com. Please have all Your documents handy when you initiate a claim, including a copy of Your Confirmation Letter and any applicable receipts. Customer service agents will be available to answer Your calls between the hours of Monday through Friday 7am to 7pm CST and Saturday 8am to 4pm CST. If You call the Administrator after business hours or during the weekends, You may also leave a voice message describing Your claim, which the Administrator will respond to within 48 hours under normal circumstances.

(b) **All claims must be reported to Us within 30 days from the breakdown or failure and prior to this Plan's expiration or termination to be eligible for coverage.**

(c) Please note that the We must authorize any repairs to be eligible for coverage. We may deny any claims where You fail to follow this Plan's claims procedures or fail to receive Our approval prior to repairing or replacing Your A/C System.

(d) Emergency service is available for breakdowns that prevent safe habitability of Your Service Address. We reserve the right to determine which repairs constitute an emergency. We will make all reasonable effort to initiate meaningful service within 24 hours for emergency service calls.

9. **REPAIR SERVICES.**

(a) We will arrange for an authorized service contractor to inspect, diagnose, and repair Your A/C System's reported breakdown. Any required services will be performed between the hours of 8:00 a.m. and 5:00 p.m. local time, Monday through Friday (excluding holidays), or otherwise during the applicable service contractor's normal hours of operation. Any emergency services will be provided in accordance with the applicable service contractor's policies.

(b) For in-person diagnosis and repair services, (i) You or a responsible adult representative must be present when the service contractor is onsite and (ii) You agree to make the A/C System reasonably accessible to the service contractor. The service contractor must have safe working conditions at and around the product or systems. Unsafe conditions include the presence of animals or insects in the work area, a threatening work environment, or the presence of bodily fluids on or near the product or system. If the product or system is not accessible, the service contractor will have the option, at Your expense, of declining to provide service or assessing You an additional charge for making the product or system accessible.

(c) If We are unable to locate or dispatch a service contractor for any reason, We may, at Our discretion, authorize You to retain an independent service contractor to evaluate Your A/C System and diagnose any issues. To be eligible for potential reimbursement, You will need to send us an itemized statement from the service contractor that describes the A/C System's reason for failure and provides an estimated cost for repair. **The itemized statement must be returned to Us within 90 days from the date that We authorize You to retain Your own contractor.** We will evaluate the itemized statement that is returned to Us and authorize any repairs or buyouts that We determine are covered under the Plan.

(d) If You initiate service for a non-covered repair or a "no failure found" diagnosis is determined at the time of service, We may decline to reimburse any costs associated with the claim other than any covered initial inspection or diagnosis fees.

10. **EXCLUSIONS.** Your Plan does not cover the following:

(a) **Losses or costs that are recoverable under any other warranty, guarantee, service contract, or insurance policy, in which case this Plan will only provide secondary or excess coverage for covered losses (including the costs of any applicable deductible), subject to all other exclusions and limitations set forth herein;**

- (b) Losses that are subject to a manufacturer's recall;
- (c) Losses caused by Your failure to follow or adhere to the manufacturer's operation, care, or maintenance instructions, as outlined in Your A/C System's ownership manual;
- (d) Any pre-existing conditions or damages to Your A/C System that occurred prior to the Coverage Start Date;
- (e) Unauthorized modifications, alterations, or enhancements to Your A/C System;
- (f) A/C Systems purchased without a manufacturer's warranty or "as-is";
- (g) Boiler expansion tanks;
- (h) Damages to nonfunctional or aesthetic parts and cosmetic damage that does not impact Your A/C System's proper operation or functionality, including scratches, peeling, discoloration, dents, and chips;
- (i) Cosmetic coverings including doors, panels, trim, flushing, insulation, or baseboard coverings;
- (j) Gas, geothermal, and indirect coil systems;
- (k) External wiring and piping that is not internal to the unit, including external fuel, water, condensate, and electrical lines and related fixtures and components;
- (l) The air distribution system that connects to the unit, including air ducts, filters, air handling components (such as plenum, ductwork, return, registers, grills, and radiators), diverters, zone controllers, registers, pipes, and radiators;
- (m) Swamp coolers, humidifiers, dehumidifiers, and portable units;
- (n) Individual units installed in a window, wall, or rooftop;
- (o) Chimneys, flues, and vents;
- (p) Any accessories that are not included in Your A/C System's original packaging;
- (q) Cleaning, periodic checkups, and preventive maintenance;
- (r) Any costs associated with providing access to, or closing access from, Your A/C System which is concrete-encased or otherwise obstructed or inaccessible (including but not limited to beneath crawl spaces, floor coverings, systems, cabinets, etc.).
- (s) Periphery or incidental costs arising from or relating to any needed installation, set-up, removal, or disposal services, including the costs of opening, removing, or restoring walls or floors, countertops, cabinets, or similar fixtures in or around Your A/C System and the disposal of hazardous or toxic material;
- (t) Consumable items that are designed to be periodically replaced by You during the life of Your A/C System, as set forth in Your owner's manual or instructions from the manufacturer, including air filters and lubricants;
- (u) Loss or damage caused by any type of abnormal or improper use, abuse, misuse, neglect, willful or reckless misconduct, or any other use otherwise inconsistent with the owner's manual or instructions;
- (v) Incidental, consequential, or secondary damages, including loss of use, lost profits, and any damages arising from delays in requesting or rendering service, replacement, or reimbursement under this Plan;
- (w) Any product purchased for or used at any time for commercial or rental purposes;
- (x) Transit or delivery damage and damage caused by packing, unpacking, assembly, installation, or removal;

- (y) **Electronics, internet-enabled or 'smart' components or functions (i.e. zone controllers);**
- (z) **Loss or damage caused by external causes of any kind, including war, invasion, rebellion, riot, strike, labor disturbance, lockout, civil commotion, fire, theft, vandalism, animals, exposure to weather, windstorm, sand, dirt, hail, earthquake, flood water, or acts of God;**
- (aa) **Costs arising from or relating to the upgrade or modification of parts, components, or equipment due to incompatibility with existing systems, service, or utility lines at the Service Address or to meet changes in federal, state, or local codes or regulations;**
- (bb) **Loss of use of, damage to, corruption of, inability to access, or inability to manipulate any computer system, electronic hardware, or software, or components thereof, that are used to store, process, access, transmit, or receive information within Your A/C System as result of any cause or loss other than covered losses that are expressly stated in this Plan, including any unauthorized access or unauthorized use of such system, a denial of service attack, or receipt or transmission of malicious code; and**
- (cc) **Loss of use of, damage to, corruption of, inability to access, or inability to manipulate any electronic data stored within an A/C System, including any such loss caused by unauthorized access or unauthorized use of such data, a denial of service attack, or receipt or transmission of malicious code.**

We shall not provide coverage and We shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim, or provision of such benefit would expose the Us, Our parent company, or Our ultimate controlling entity to any sanction, prohibition, or restriction under United Nations resolutions or the trade or economic sanctions, laws, or regulations of the European Union or the United States of America.

11. CANCELLATION.

- (a) You may cancel this Plan for any reason and at any time by contacting the Seller at 833-691-7225. Your cancellation will become effective at the end of the then-current monthly Initial or Renewal Term.
- (b) If You request to cancel this Plan during the Wait Period and You have already remitted payment to Us for the Initial Term, You will receive a 100% refund of the Initial Term's Plan Price.
- (c) We reserve the right to terminate or non-renew this Plan at the expiration of the Initial Term or any Renewal Term by providing You with at least thirty (30) days' prior written notice. Unless We provide You with at least 30 days' prior written notice to the contrary, this Plan will automatically terminate and non-renew at the end of the then-applicable monthly period after cancelling Your underlying utility plan from Seller.
- (d) Notwithstanding the foregoing, in the event of non-payment, fraud, material misrepresentation, or a substantial breach of Your dues under this Plan, We may cancel this Plan immediately and without prior notice to You and no refund of any kind will be issued.

12. MISCELLANEOUS.

- (a) Transferability. This Plan is not transferrable or assignable by You to a new contract holder.
- (b) Subrogation. If We make any payment under this Plan, We are entitled to recover what We paid from other responsible parties. By accepting settlement of a claim, You transfer to Us Your right to recovery against any other party.
- (c) Entire Agreement. This Plan represents the entire contract between You and Us with respect to the subject matter herein. Neither the Seller, Administrator, nor any other agent has authority to change this Plan or to waive any of its provisions. No other written or oral statement applies to this Plan. No coverage will be provided under this Plan if any information that You, or anyone claiming benefits hereunder, provides is determined to be false, misleading, or intentionally omitted.
- (d) Reimbursement Insurance. This Plan is a service contract and not an insurance policy. However, We secure Our fulfillment obligations and risks through an insurance policy issued by Illinois National Insurance Co., 500 W. Madison St., Ste. 3000, Chicago, IL 60661, Ph: (800) 250-3819. If within 60 days We have not paid a claim, provided You with a required refund, or

You are otherwise dissatisfied, or We are no longer a going concern, become insolvent, or are otherwise financially impaired, You are entitled under state law to make a claim directly to the insurer by contacting the insurer at the address or phone number listed above. Please enclose a copy of Your Plan when sending correspondence to the insurer.

- (e) Privacy Policy. We respect Your privacy. To review Our privacy policy, please visit <https://www.aig.com/privacy-policy>.
- (f) Assignment. We may delegate or assign any of Our obligations at Our sole discretion and without Your consent provided We give You at least 30 days' prior written notice of any material changes. You may not change this Plan or delegate any of Your obligations.
- (g) Independent Contractors. We are not a service contractor, technician, or product retailer. Any repair and replacement services will be performed by independent, third-party contractors.
- (h) Liability Limitation. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WE AND OUR EMPLOYEES AND AGENTS WILL UNDER NO CIRCUMSTANCES BE LIABLE TO YOU OR ANY SUBSEQUENT OWNER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES RESULTING FROM OUR OBLIGATIONS UNDER THIS PLAN, INCLUDING THE FOLLOWING: COSTS OF RECOVERING, REPROGRAMMING, OR REPRODUCING ANY PROGRAM OR DATA; FAILURE TO MAINTAIN DATA CONFIDENTIALITY; LOSS OF USE, INCLUDING LOSS OF USE WHILE THE COVERED ELECTRONICS ARE BEING REPAIRED OR REPLACED; OR ANY LOSS OF BUSINESS PROFITS, REVENUE, OR ANTICIPATED SAVINGS. OUR MAXIMUM LIABILITY FOR ANY CLAIM ARISING FROM OR RELATING TO THIS PLAN SHALL NOT EXCEED THE PER CLAIM AND ANNUAL LIMITS SET FORTH HEREIN, REGARDLESS OF WHETHER THE UNDERLYING ACTION IS IN CONTRACT, TORT, OR ANY OTHER LEGAL OR EQUITABLE THEORY.
- (i) Severability. If any provision of this Plan is held invalid, illegal, or unenforceable in any respect under applicable laws, the validity, legality, and enforceability of the remaining provisions of this Plan shall not in any way be affected or impaired thereby.

13. ARBITRATION & CLASS ACTION WAIVER.

READ THE FOLLOWING ARBITRATION AGREEMENT CAREFULLY. IT LIMITS CERTAIN RIGHTS OF YOURS, INCLUDING YOUR RIGHT TO OBTAIN RELIEF OR DAMAGES IN COURT AND YOUR RIGHT TO PARTICIPATE IN CLASS ACTIONS OR REPRESENTATIVE PROCEEDINGS.

YOU AND WE AGREE TO RESOLVE ANY DISPUTES THROUGH INDIVIDUAL BINDING ARBITRATION INSTEAD OF THROUGH COURTS OF GENERAL JURISDICTION, EXCEPT AS FOLLOWS:

ANY DISPUTE FALLING WITHIN THE JURISDICTIONAL SCOPE AND AMOUNT OF AN APPROPRIATE SMALL CLAIMS COURT MUST BE BROUGHT IN SMALL CLAIMS COURT ON AN INDIVIDUAL BASIS.

YOU AND WE AGREE THAT ANY ARBITRATION WILL TAKE PLACE ON AN INDIVIDUAL BASIS ONLY. YOU AND WE AGREE TO WAIVE THE RIGHT TO A TRIAL BY JURY AND TO PARTICIPATE IN CLASS ARBITRATIONS, CLASS ACTIONS, AND REPRESENTATIVE PROCEEDINGS.

Under this provision, "Dispute" includes any claim or controversy arising out of or relating in any way to this Plan—whether based in contract, tort, statute, fraud, misrepresentation, or any other legal or equitable theory.

This Arbitration Agreement is subject to and governed by the Federal Arbitration Act ("FAA"). This Arbitration Agreement is intended to be broadly interpreted and shall survive any termination or cancellation of this Plan. This Arbitration Agreement applies to Our respective parents, subsidiaries, affiliates, service contract insurers, obligors, agents, employees, successors, and assignees.

You and We agree to waive the right to participate in class actions or representative proceedings. However, this Arbitration Agreement does not preclude You from bringing an individual action against Us in small claims court, so long as the dispute is pursued on an individual rather than a class-wide basis.

The American Arbitration Association ("AAA") will administer any arbitration and will do so in accordance with its rules in effect at the time the claim is filed. You may obtain a copy of the AAA rules by visiting www.adr.org. Unless You and We agree otherwise, any arbitration hearing will take place in the county of the Service Address. The right to a hearing will be determined

by the AAA Rules. However, if the claim is for \$10,000 or less, You may decide whether You want the arbitration to be conducted instead: (a) Only on the basis of documents or (b) through a telephone hearing.

14. **TEXAS DISCLOSURES.** Under normal circumstances, We will initiate the performance of repair services not later than 48 hours after a request. NOTICE: THIS COMPANY PAYS PERSONS NOT EMPLOYED BY THE PROVIDER FOR THE SALE, ADVERTISING, INSPECTION, OR PROCESSING OF A RESIDENTIAL SERVICE CONTRACT UNDER CHAPTER 1304, OCCUPATIONS CODE. Unresolved complaints concerning Us or questions concerning the regulation of service contract providers and administrators may be addressed to the Texas Department of Licensing and Regulation, P.O. Box 12157, Austin, Texas 78711 (512) 463-6599 or (800) 803-9202