



General Assembly

February Session, 2024

Raised Bill No. 322

LCO No. 1936



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

AN ACT CONCERNING MOTOR VEHICLE PROTECTION PRODUCTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42-260 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2024*):

3 (a) As used in this section:

4 (1) "Extended warranty" means a contract or agreement to either
5 perform or provide indemnification for the repair, replacement or
6 maintenance of a product because of operational or structural failure of
7 such product due to a defect in materials, skill or workmanship or
8 normal wear and tear given for consideration over and above the lease
9 or purchase price of a product. "Extended warranty" includes, but is not
10 limited to: (A) The repair or replacement of tires or wheels on a motor
11 vehicle damaged as a result of coming into contact with road hazards,
12 including, but not limited to, pot holes, rocks, wood debris, metal parts,
13 glass, plastic, curbs or composite scraps; (B) the removal of dents, dings
14 or creases on a motor vehicle using the process of paintless dent removal
15 without (i) affecting the existing paint finish, (ii) replacing vehicle body

16 panels, (iii) sanding, (iv) bonding, or (v) painting; (C) the repair of chips
17 or cracks in, or the replacement of, a motor vehicle windshield as a result
18 of damage caused by such road hazards; (D) the replacement of a motor
19 vehicle key or key fob if such key or key fob becomes inoperable, or is
20 lost or stolen; or (E) in conjunction with a motor vehicle leased for
21 personal use, the repair, replacement or maintenance of property or
22 indemnification for repair, replacement or maintenance, due to excess
23 wear and use damage for items, including, but not limited to, tires, paint
24 cracks or chips, interior stains, rips or scratches, exterior dents or
25 scratches, windshield cracks or chips, missing interior or exterior parts
26 or excess mileage that result in a lease-end charge, provided any such
27 charge shall not exceed the purchase price of the motor vehicle.
28 "Extended warranty" does not include portable electronics insurance, as
29 defined in section 38a-397.

30 (2) "Extended warranty provider" means a person who issues, makes,
31 provides or offers to provide an extended warranty to a buyer and who
32 is contractually obligated to provide service under such extended
33 warranty, excluding a retail seller of an extended warranty if such seller:
34 (A) Is the manufacturer of the product covered under the extended
35 warranty, or a subsidiary of the manufacturer; (B) sells or offers an
36 extended warranty for a product obligating the manufacturer, a
37 subsidiary of the manufacturer, a distributor or an importer to provide
38 the service or indemnification arising under the extended warranty; or
39 (C) performs at least ninety per cent of the repair service provided to
40 buyers pursuant to extended warranties purchased from such seller.

41 (3) "Buyer" means a person who purchases an extended warranty
42 from an extended warranty provider.

43 (4) "Extended warranty reimbursement insurance policy" means a
44 policy of insurance providing coverage for all obligations and liabilities
45 incurred by an extended warranty provider under the terms of the
46 extended warranty sold to a buyer by such provider.

47 (5) "Vehicle theft protection product" means any device or system

48 that (A) is installed on or applied to a covered motor vehicle; (B) is
49 designed to prevent loss or damage to such covered motor vehicle from
50 theft; and (C) includes a vehicle theft protection product warranty; and

51 (6) "Vehicle theft protection product warranty" means a contract or
52 agreement obligating a warrantor to pay to, or on behalf of, the vehicle
53 theft protection product warranty holder specified incidental costs as a
54 result of the failure of such vehicle theft protection product to perform
55 pursuant to the terms of such contract or agreement.

56 (b) An extended warranty shall obligate the extended warranty
57 provider to supply to the buyer all services and functional parts that
58 may be necessary to repair the product for the duration of the extended
59 warranty without additional charge, except as otherwise expressly
60 provided.

61 (c) An extended warranty shall contain all of the following:

62 (1) A clear description and identification of the product;

63 (2) The date when the extended warranty commences and its
64 duration, and, if the extended warranty is for less than one year, the
65 extended warranty shall include a provision for the automatic extension
66 of the extended warranty while the product is in the custody of the
67 extended warranty provider for repair under such warranty;

68 (3) A description of the limits on transfer or assignment of the
69 extended warranty if the enforceability of an extended warranty is
70 limited to the original buyer or is limited to persons other than every
71 consumer owner of the covered product during the term of the extended
72 warranty;

73 (4) A statement of the obligation of the extended warranty provider
74 including statements of: (A) Any services, parts, components, defects,
75 malfunctions, conditions, repairs or remedies that are excluded from the
76 scope of the extended warranty; (B) any limits on the obligations of the
77 extended warranty provider; (C) any additional services which the

78 extended warranty provider will supply; (D) whether the buyer has the
79 responsibility of any other obligations and, if so, the nature and
80 frequency of such obligations, and the consequences of any
81 noncompliance;

82 (5) A step-by-step explanation of the procedure which the buyer shall
83 follow in order to obtain performance of any obligation under the
84 extended warranty including: (A) The full legal and business name of
85 the extended warranty provider; (B) the mailing address of the extended
86 warranty provider; (C) the persons or class of persons that are
87 authorized to perform service; (D) the name or title and address of any
88 agent, employee or department of the extended warranty provider that
89 is responsible for the performance of any obligations; (E) the method of
90 giving notice to the extended warranty provider of the need for service;
91 (F) whether in-home service is provided or, if not, whether the costs of
92 transporting the product for service or repairs will be paid by the
93 extended warranty provider; (G) if the product must be transported to
94 the extended warranty provider, either the place where the product may
95 be delivered for service or repairs or a toll-free telephone number which
96 the buyer may call to obtain that information; (H) all other steps which
97 the buyer must take to obtain service; and (I) all fees, charges and other
98 costs that the buyer must pay to obtain service;

99 (6) A description of the services the extended warranty provider will
100 supply under the extended warranty; and

101 (7) A statement of a right to cancel the warranty if the buyer returns
102 the product or the product is sold, lost, stolen or destroyed, or a
103 statement that there is no right to cancel.

104 (d) (1) An extended warranty shall not be issued, sold or offered for
105 sale unless the extended warranty provider is insured under an
106 extended warranty reimbursement insurance policy issued by an
107 insurer authorized to do business in this state or the extended warranty
108 provider can demonstrate that reserves for claims contained in the
109 provider's financial statements are not in excess of one-half of a

110 provider's audited net worth. If such reserves are in excess of one-half
111 of a provider's net worth, the reserves shall be held in trust by an
112 independent trustee and certified annually as adequate by an actuary.

113 (2) The extended warranty reimbursement insurance policy shall
114 cover the obligations under the extended warranty sold by the extended
115 warranty provider during the period of time that such provider's
116 insurance policy is in force.

117 (3) An insurer authorized to issue an extended warranty
118 reimbursement insurance policy in this state shall, at the time the policy
119 is filed with the Insurance Commissioner as set forth in subsection (c) of
120 section 38a-676 and continuously thereafter: (A) Maintain a surplus as
121 to policyholders and paid-in capital of not less than fifteen million
122 dollars; (B) demonstrate to the satisfaction of said commissioner that the
123 company maintains a ratio of net written premiums, wherever written,
124 to a surplus as to policyholders and paid-in capital of not greater than
125 three to one; and (C) annually file with the Insurance Commissioner
126 copies of such insurer's audited financial statements, its National
127 Association of Insurance Commissioners' Annual Statement and the
128 actuarial certification required by and filed in such insurer's state of
129 domicile.

130 (e) An extended warranty provider shall submit to the Insurance
131 Commissioner: (1) A copy of the extended warranty form issued by said
132 provider; and (2) a copy of said provider's extended warranty
133 reimbursement insurance policy form issued by an insurer authorized
134 to do business in this state or a certification by a certified public
135 accountant attesting to the adequacy of the reserves for claims reported
136 on said provider's financial statements or contained in said provider's
137 trust account.

138 (f) (1) An extended warranty shall contain the name and address of
139 the insurers insuring the obligations and liabilities of such warranty and
140 instructions on how the buyer, or successor to the buyer's rights, of the
141 product may file a claim with the insurer if the extended warranty

142 provider fails to perform according to the terms of the extended
143 warranty.

144 (2) An insurer of an extended warranty shall not refuse to renew any
145 policy unless such insurer or its agent shall send, by registered or
146 certified mail or by mail evidenced by a certificate of mailing or delivery
147 to the Insurance Commissioner, at least sixty days' advance notice of its
148 intention not to renew. The notice of intent not to renew shall state or be
149 accompanied by a statement specifying the reason for such nonrenewal.

150 (g) The Insurance Commissioner shall develop regulations, in
151 accordance with chapter 54, implementing an arbitration process to
152 settle disputes arising from extended warranty contracts between
153 extended warranty providers and buyers.

154 (h) Nothing in this section shall apply to a home warranty contract or
155 home warranty service agreement, as defined in section 38a-320, or
156 regulated utilities.

157 (i) No contract or agreement providing any extended warranty or
158 vehicle theft protection product warranty shall constitute engaging in
159 the business of insurance in this state.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2024	42-260

Statement of Purpose:

To regulate the business of extended warranties for motor vehicles and vehicle theft protection product warranties in this state.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]