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Legislative Document

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H.P. 819

House of Representatives, March 22, 2021

**An Act To Amend the Service Contracts Act To Include Motor
Vehicle Theft Protection Programs and Warranties**

Received by the Clerk of the House on March 18, 2021. Referred to the Committee on Health Coverage, Insurance and Financial Services pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative MORRIS of Turner.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 24-A MRSA §7101, sub-§3, ¶A**, as enacted by PL 2011, c. 345, §4 and
3 affected by §7, is amended to read:

4 A. Warranties, except for theft protection program warranties;

5 **Sec. 2. 24-A MRSA §7102, sub-§2-A** is enacted to read:

6 **2-A. Incidental costs.** "Incidental costs" means expenses specified in a theft
7 protection program warranty that are incurred by the theft protection warranty holder due
8 to the failure of the theft protection program to perform as provided in the warranty and
9 include but are not limited to insurance policy deductibles, rental vehicle charges, the
10 difference between the actual value of the stolen motor vehicle at the time of the theft and
11 the cost of a replacement motor vehicle, sales tax, registration fees, transaction fees and
12 mechanical inspection fees.

13 **Sec. 3. 24-A MRSA §7102, sub-§11, ¶D**, as enacted by PL 2011, c. 345, §4 and
14 affected by §7, is amended to read:

15 D. The repair of small motor vehicle windshield chips or cracks but not the
16 replacement of the entire windshield; or

17 **Sec. 4. 24-A MRSA §7102, sub-§11, ¶E**, as enacted by PL 2011, c. 345, §4 and
18 affected by §7, is amended to read:

19 E. The repair of damage to the interior components of a motor vehicle caused by wear
20 and tear but that expressly excludes the replacement of any part or component of a
21 motor vehicle's interior;:

22 **Sec. 5. 24-A MRSA §7102, sub-§11, ¶F** is enacted to read:

23 F. The replacement of a motor vehicle key or key fob in the event the key or key fob
24 becomes inoperable, lost or stolen; or

25 **Sec. 6. 24-A MRSA §7102, sub-§11, ¶G** is enacted to read:

26 G. In conjunction with a motor vehicle lease, the repair, replacement or maintenance
27 of the motor vehicle, or indemnification for repair, replacement or maintenance, due to
28 excess wear and use; due to damage for items such as tires, paint cracks or chips,
29 interior stains, rips or scratches, exterior dents or scratches, windshield cracks or chips
30 or missing interior or exterior parts; or due to excess mileage that results in a lease-end
31 charge or any other charge for damage that is determined to be excess wear and use by
32 a lessor under a motor vehicle lease, as long as any such payment does not exceed the
33 purchase price of the vehicle.

34 **Sec. 7. 24-A MRSA §7102, sub-§14-A** is enacted to read:

35 **14-A. Theft protection program.** "Theft protection program" means a device or
36 system that is installed or applied to a motor vehicle, is designed to prevent loss of or
37 damage to a motor vehicle from theft and provides a theft protection program warranty.
38 "Theft protection program" includes but is not limited to an alarm system, body-part
39 marking product, steering lock, window-etching product, pedal and ignition lock and fuel
40 and ignition kill switch and electronic, radio and satellite tracking devices. "Theft
41 protection program" does not include a fuel additive, oil additive or other chemical product

1 that is applied to the engine, transmission, fuel system or interior or exterior surface of a
2 motor vehicle.

3 **Sec. 8. 24-A MRSA §7102, sub-§14-B** is enacted to read:

4 **14-B. Theft protection program warranty.** "Theft protection program warranty"
5 means a written agreement by a theft protection warrantor for a theft protection program
6 that provides that if the theft protection program fails to prevent loss of or damage to a
7 motor vehicle from theft, the theft protection warrantor shall pay to or on behalf of the theft
8 protection warranty holder any specified incidental costs as a result of the failure of the
9 theft protection program to perform under the terms of the theft protection program
10 warranty. Incidental costs may be reimbursed in either a fixed amount specified in the theft
11 protection program warranty or by use of a formula itemizing specific costs incurred by the
12 theft protection warranty holder.

13 Notwithstanding any provision of law to the contrary, a theft protection program warranty
14 is not insurance in this State and may not be regulated as insurance.

15 **Sec. 9. 24-A MRSA §7102, sub-§14-C** is enacted to read:

16 **14-C. Theft protection warrantor.** "Theft protection warrantor" means a person who
17 is contractually obligated to the theft protection warranty holder under the terms of a theft
18 protection program warranty.

19 **Sec. 10. 24-A MRSA §7102, sub-§14-D** is enacted to read:

20 **14-D. Theft protection warranty holder.** "Theft protection warranty holder" means
21 a person who purchases a theft protection program, any authorized transferee or assignee
22 of that purchaser or any other person legally assuming the purchaser's rights under the theft
23 protection program warranty.

24 **Sec. 11. 24-A MRSA §7103, sub-§6**, as enacted by PL 2011, c. 345, §4 and
25 affected by §7, is amended to read:

26 **6. Other financial security requirements.** Except for the requirements specified in
27 subsections 4 and 5, other financial security requirements may not be required by the
28 superintendent for providers, including theft protection warrantors.

29 **Sec. 12. 24-A MRSA §7103, sub-§10**, as enacted by PL 2011, c. 345, §4 and
30 affected by §7, is amended to read:

31 **10. Insurance laws exemption.** The marketing, sale, offering for sale, issuance,
32 making, proposing to make and administration of service contracts and theft protection
33 programs by providers and theft protection warrantors and related service contract or theft
34 protection program sellers, administrators and other persons are exempt from all provisions
35 of the State's insurance laws, except as specified in this chapter, as long as a service contract
36 provider or administrator has registered with the superintendent as required by subsection
37 4. Reimbursement insurance policies are subject to all relevant provisions of this Title to
38 the full extent consistent with this chapter.

39 SUMMARY

40 This bill amends the laws governing service contracts to include motor vehicle theft
41 protection programs and theft protection program warranties.