



# SENATE BILL 195: Motor Vehicle Service Agreement Amendments

2015-2016 General Assembly

**Committee:**

**Introduced by:**

**Analysis of:** S.L. 2015-283

**Date:**

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Staff Attorney

**SUMMARY:** *S.L. 2015-283 does the following:*

- *Defines ancillary anti-theft protection program and ancillary anti-theft protection program warranty.*
- *Clarifies what is included in motor vehicle service agreements.*
- *Clarifies that ancillary anti-theft protection programs and warranties and motor vehicle service agreements are not contracts of insurance.*
- *Makes conforming changes to related statutes.*

*This act became effective October 1, 2015.*

**CURRENT LAW:** Motor vehicle service agreement companies are regulated under Article 43 of Chapter 66 of the General Statutes. These companies offer service agreements to indemnify against loss caused by motor vehicle failure. The Article sets out requirements for the agreements as well as record-keeping requirements for the companies. The Article does not apply to performance guarantees, warranties, or motor vehicle service agreements made by manufacturers, distributors, or their subsidiaries.

**BILL ANALYSIS:** This act more clearly defines a motor vehicle service agreement, which indemnifies the agreement holder against loss caused by a motor vehicle failure. Motor vehicle service agreements specifically include agreements for repair of tires, repair of dents, repair of cracks in windshields, replacement of key fobs, and other services approved by the Commissioner of Insurance.

The act defines ancillary anti-theft protection program and ancillary anti-theft protection program warranty under the statutes regulating motor vehicle service agreements. An ancillary anti-theft protection program is defined as a device or system installed on a motor vehicle to prevent loss or damage from theft. An ancillary anti-theft protection program warranty is an agreement that the warrantor will pay incidental costs if the product fails to prevent loss or damage.

The act also makes clear that ancillary anti-theft protection program warranties and service agreements are not contracts of insurance.

**EFFECTIVE DATE:** The act became effective October 1, 2015.

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