



# SENATE BILL 195: Motor Vehicle Service Agreement Amendments

2015-2016 General Assembly

**Committee:** Senate Commerce  
**Introduced by:** Sen. Meredith  
**Analysis of:** Second Edition

**Date:** April 21, 2015  
**Prepared by:** Wendy Graf Ray  
Committee Counsel

**SUMMARY:** *Senate Bill 195 would:*

- *Define ancillary protection product and ancillary protection product warranty.*
- *Clarify what is included in motor vehicle service agreements.*
- *Exclude ancillary protection products and warranties from regulation as motor vehicle service agreements.*
- *Make conforming changes to related statutes.*

**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:** Senate Bill 195 would more clearly define a motor vehicle service agreement, which indemnifies the agreement holder against loss caused by a motor vehicle failure. Motor vehicle service agreements would specifically include repair of tires, repair of dents, repair of cracks in windshields, replacement of key fobs, and other services approved by the Commissioner of Insurance.

Motor vehicle service agreements would not include ancillary protection product warranties; therefore the warranties would not be regulated under Article 43. Ancillary protection product would be defined as a protective chemical, substance, device, or system that is installed on or applied to a motor vehicle to prevent loss or damage. An ancillary protection product warranty would be an agreement that the warrantor would pay incidental costs, such as insurance policy deductibles, if the product fails to prevent loss or damage.

The bill would also make clear that ancillary protection product warranties and service agreements are not contracts of insurance.

**EFFECTIVE DATE:** The act would become effective July 1, 2015.

O. Walker Reagan  
Director



Research Division  
(919) 733-2578

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