



SENATE BILL 195: Motor Vehicle Service Agreement Amendments

2015-2016 General Assembly

Committee:	Rules, Calendar, and Operations of the House	Date:	September 22, 2015
Introduced by:	Sen. Meredith	Prepared by:	Wendy Graf Ray
Analysis of:	PCS to Second Edition S195-CSRO-31		Committee Counsel

SUMMARY: *Senate Bill 195 would:*

- *Define ancillary anti-theft protection program and ancillary anti-theft protection program warranty.*
- *Clarify what is included in motor vehicle service agreements.*
- *Clarify ancillary anti-theft protection programs and warranties and motor vehicle service agreements are not contracts of insurance.*
- *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 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 bill would define 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 would be 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 would be an agreement that the warrantor would pay incidental costs if the product fails to prevent loss or damage.

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

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

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