

March 23, 2005

**S 847. AMEND WARRANTY/SERVICE AGREEMENT CO. LAWS (=H 645).** *TO CLARIFY THAT MOTOR VEHICLE AND HOME APPLIANCE SERVICE AGREEMENT COMPANIES MUST FILE ALL SERVICE AGREEMENTS AND CONTRACTUAL LIABILITY POLICIES WITH THE COMMISSIONER, AND IF SUBMITTED ON PAPER, BE IN A SPECIFIED FORMAT; AUTHORIZE THE COMMISSIONER TO PROTECT CONSUMERS OF WARRANTY AND SERVICE AGREEMENTS UNDER JURISDICTION OF THE DEPARTMENT BY CEASE AND DESIST POWERS AND BY THE POWER TO EXAMINE AND SEIZE WARRANTY AND SERVICE AGREEMENT COMPANY VIOLATOR'S RECORDS; AND REORGANIZE AND ADD CLARIFYING DEFINITIONS REGARDING MECHANICAL SERVICE BREAKDOWN AGREEMENTS.* Identical to H 645, introduced 3/16/05.

**Intro. by Malone.**

Ref. to Commerce

GS 58

June 21, 2006

**S 847. ENACT VEHICLE PROTECTION PRODUCT ACT (NEW).** Filed 3/22/05. Senate committee substitute replaces 1st edition with a new act *TO ENACT THE VEHICLE PROTECTION PRODUCT ACT*. Adds Article 92, the Vehicle Protection Product Act, to Chapter 58 of the General Statutes. New act regulates the sale of vehicle protection products, defined as devices, systems, or services installed on or applied to vehicles that are designed to prevent loss or damage to vehicles from specific causes and that include written warranties. Regulated products include vehicle alarm systems, body part marking products, steering locks, window etch products, pedal and ignition locks, fuel and ignition kill switches, and electronic, radio, and satellite tracking devices. New GS 58-92-10 prohibits the sale or offer for sale of any vehicle protection product in the state unless the seller, warrantor, and administrator comply with the act. Providers of service agreements on motor vehicles are not subject to the act. New GS 58-92-15 requires that warrantors of vehicle protection products register annually with the Department of Insurance and pay a registration fee not to exceed \$1,500. Registration records must include, among other information, (1) copies of warranty reimbursement policies, which are issued to the warrantor to provide reimbursement or to pay for contractual obligations incurred by the warrantor, and (2) copies of each warranty the warrantor proposes to use in North Carolina. New GS 58-92-20 requires that a warrantor (1) be insured under a qualifying warranty reimbursement insurance policy issued by an insurer authorized to do business in North Carolina or (2) maintain (or be a subsidiary of a parent company that maintains) a net worth of \$50 million. New GS 58-92-25 sets forth requirements for warranty reimbursement policies and new GS 58-92-30 sets forth requirements for disclosures to the purchaser. New GS 58-92-35 prohibits a warrantor of vehicle protection products from using the term insurance in its name, contracts, or literature, unless it is licensed as an insurance company. Also prohibits warrantors from requiring as a condition of financing that motor vehicle purchasers purchase a vehicle protection product. Amends GS 58-6-25(d) to credit fees collected under new Article 92 to the Insurance Regulatory Fund. Provides that moneys from the Insurance Regulatory Fund be used to reimburse the General Fund for appropriations to the Department of Insurance for vehicle protection product regulation. Appropriates \$200,000 from the General Fund to the Department of Insurance for 2006-07 for regulation of vehicle protection product warrantors and administrators. Appropriates from the Insurance Regulatory Fund to the General Fund \$200,000 for 2006-07 for the same purpose. The Vehicle Protection Product Act is effective January 1, 2007. Funding provisions are effective July 1, 2006.