

As Introduced

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**Representatives Dolan, McGregor, J., Martin, Combs, Law, Patton, S., Miller,
Chandler**

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To amend section 3905.421 and to enact section 1
3905.423 of the Revised Code to require 2
reimbursement insurance policies for consumer 3
goods service contracts, to require given 4
statements to be included in warranty 5
reimbursement insurance policies and reimbursement 6
insurance policies for consumer goods contracts, 7
to add conditions related to the sale of vehicle 8
protection product warranties, and to apply the 9
Ohio Consumer Sales Practices Act to the sale of 10
vehicle protection product warranties and consumer 11
goods service contracts. 12

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 3905.421 be amended and section 13
3905.423 of the Revised Code be enacted to read as follows: 14

Sec. 3905.421. (A) As used in this section: 15

(1) "Incidental costs" means the losses and expenses 16
specified by a vehicle protection product warranty related to the 17
failure of a vehicle protection product to deter the theft of a 18
vehicle or facilitate the recovery of the vehicle after it has 19

been stolen. "Incidental costs" may include, but are not limited to, insurance policy deductibles, rental vehicle charges, the difference between the actual value of the stolen vehicle at the time of the theft and the cost of a replacement vehicle, sales taxes, registration fees, transaction fees, and mechanical inspection fees.

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(2) "Vehicle protection product" means a vehicle protection device, system, or service that is installed on or applied to a vehicle and that is designed to deter the theft of a vehicle or facilitate the recovery of the vehicle after it has been stolen. "Vehicle protection product" includes, but is not limited to, alarm systems, window etch products, body part marking products, steering locks, pedal and ignition locks, fuel and ignition kill switches, and electronic, radio, and satellite tracking devices.

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(3) "Warrantor of a vehicle protection product" or "warrantor" means the person that is contractually obligated to the warranty holder under the terms of a vehicle protection product warranty. "Warrantor" does not include an insurer authorized or eligible to do business in this state.

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(4) "Warranty reimbursement insurance policy" means a policy of insurance issued by an insurer authorized to do business in this state to the warrantor of a vehicle protection product to pay, on behalf of the warrantor, all covered contractual obligations incurred by the warrantor under the terms and conditions of the vehicle protection product warranty.

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(B) All vehicle protection product warranties issued under this section and in this state shall be covered by a warranty reimbursement insurance policy.

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(C) A vehicle protection product warranty issued by the warrantor of a vehicle protection product does not constitute a contract substantially amounting to insurance or its issuance the

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business of insurance under section 3905.42 of the Revised Code, 51
if ~~both~~ all of the following conditions are met: 52

(1) The warranty is limited to indemnifying the warranty 53
holder for incidental costs caused by the failure of the vehicle 54
protection product to deter the theft of the vehicle or facilitate 55
the recovery of the vehicle after it has been stolen. 56

(2) The vehicle protection product warranty contains both of 57
the following conspicuous, written disclosures: 58

(a) "This vehicle protection product warranty is not subject 59
to the insurance laws of this state, contained in Title XXXIX of 60
the Ohio Revised Code." 61

(b) "This warranty may not include all of the benefits or 62
protections of an insurance policy that includes theft coverage 63
issued by an insurer authorized to do business in Ohio." 64

(3) The warranty identifies the warrantor, the warranty 65
holder, and the terms of the sale. 66

(4) The warranty conspicuously states that the obligations of 67
the warrantor to the warranty holder are guaranteed under a 68
warranty reimbursement insurance policy. 69

(5) The warranty conspicuously states that if a payment due 70
under the terms of the warranty is not paid by the warrantor 71
within sixty days after the warranty holder files proof of loss 72
pursuant to the terms of the warranty, the warranty holder may 73
file directly with the warrantor's warranty reimbursement 74
insurance company for reimbursement. 75

(6) The warranty conspicuously states the name and address of 76
the warrantor's warranty reimbursement insurance company. 77

(D) A warranty reimbursement insurance policy shall contain 78
both of the following statements: 79

(1) A statement that the warranty reimbursement insurance 80

company will reimburse, or pay on behalf of, the warrantor of a
vehicle protection product all covered amounts for which the
warrantor is legally obligated, and will provide any service that
the warrantor is legally obligated to perform, under the terms of
a vehicle protection product warranty;

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(2) A statement that if a payment due under the terms of a
vehicle protection product warranty is not paid within sixty days
after the warranty holder files proof of loss pursuant to the
terms of the warranty, that the warranty holder may file directly
with the warrantor's warranty reimbursement insurance company for
payment or reimbursement.

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(E) The cancellation of a warrantor's warranty reimbursement
insurance policy does not affect the warrantor's liability to the
warranty holder.

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(F) The sale or issuance of a vehicle protection product
warranty by the warrantor of a vehicle protection product
constitutes a consumer transaction for purposes of sections
1345.01 to 1345.13 of the Revised Code. The warrantor is the
supplier and the warranty holder is the consumer in such consumer
transactions.

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Sec. 3905.423. (A) As used in this section:

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(1) "Consumer" has the same meaning as in section 1345.01 of
the Revised Code.

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(2) "Consumer goods" means goods sold, leased, assigned,
awarded by chance, or transferred to a consumer in a consumer
transaction.

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(3) "Consumer goods service contract" means a contract or
agreement to perform or pay for repairs, replacement, or
maintenance of consumer goods due to a defect in materials or
workmanship, normal wear and tear, power surges, or accidental

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damage from handling. "Consumer goods service contract" shall not 111
include any of the following items: 112

(a) A consumer product warranty governed under Title 15, 113
Chapter 50, United States Code; 114

(b) A contract or agreement to perform or pay for the repair, 115
replacement, or maintenance of a motor vehicle or utility vehicle, 116
as defined in section 4501.01 of the Revised Code, that is 117
effective for a specified duration and paid for by means other 118
than the purchase of a motor vehicle or utility vehicle; 119

(c) A vehicle protection product as defined in section 120
3905.421 of the Revised Code. 121

(4) "Consumer transaction" has the same meaning as defined in 122
section 1345.01 of the Revised Code. 123

(5) "Contract holder" means the consumer who purchased goods 124
covered by a consumer goods service contract, any authorized 125
transferee or assignee of the consumer, or any other person 126
assuming the consumer's rights under the consumer goods service 127
contract. 128

(6) "Provider" means a person who is contractually obligated 129
to a contract holder under the terms of a consumer goods service 130
contract. 131

(7) "Reimbursement insurance policy" means a policy of 132
insurance issued by an insurer authorized to do business in this 133
state to a provider to pay, on behalf of the provider, all covered 134
contractual obligations incurred by the provider under the terms 135
and conditions of the consumer goods service contract. 136

(8) "Supplier" has the same meaning as in section 1345.01 of 137
the Revised Code. 138

(B) All consumer goods service contracts issued under this 139
section and in this state shall be covered by a reimbursement 140

<u>insurance policy.</u>	141
<u>(C) A consumer goods service contract issued by a provider</u>	142
<u>under this section shall comply with all of the requirements:</u>	143
<u>(1) Conspicuously state that the obligations of the provider</u>	144
<u>are guaranteed under a reimbursement insurance policy.</u>	145
<u>(2) Conspicuously state that if a provider fails to perform</u>	146
<u>or make payment due under the terms of the contract within sixty</u>	147
<u>days after the contract holder requests performance or payment</u>	148
<u>pursuant to the terms of the contract, the contract holder may</u>	149
<u>request performance or payment directly from the provider's</u>	150
<u>reimbursement policy insurer, including, but not limited to, any</u>	151
<u>obligation in the contract by which the provider must refund the</u>	152
<u>contract holder upon cancellation of a contract.</u>	153
<u>(3) Conspicuously state the name, address, and telephone</u>	154
<u>number of the provider's reimbursement insurance policy insurer.</u>	155
<u>(D) A reimbursement insurance policy shall contain at least</u>	156
<u>one of the following statements:</u>	157
<u>(1) A statement that the reimbursement insurance policy</u>	158
<u>insurer will reimburse, or pay on behalf of, the provider of a</u>	159
<u>consumer goods service contract all covered amounts for which the</u>	160
<u>provider is legally obligated, and will perform any service that</u>	161
<u>the provider is legally obligated to perform, under the terms of</u>	162
<u>the consumer goods protection contract;</u>	163
<u>(2) A statement that if a provider fails to perform or make</u>	164
<u>payment due under the terms of the contract within sixty days</u>	165
<u>after the contract holder requests performance or payment pursuant</u>	166
<u>to the terms of the contract, the contract holder may request</u>	167
<u>performance or payment directly from the provider's reimbursement</u>	168
<u>policy insurer, including, but not limited to, any obligation in</u>	169
<u>the contract by which the provider must refund the contract holder</u>	170

<u>upon cancellation of a contract.</u>	171
<u>(E) A consumer goods service contract shall be effective for</u>	172
<u>a specified duration and paid for by means other than the purchase</u>	173
<u>of the consumer goods.</u>	174
<u>(F) The sale or issuance of a consumer goods service contract</u>	175
<u>is a consumer transaction for purposes of sections 1345.01 to</u>	176
<u>1345.13 of the Revised Code. The provider is the supplier and the</u>	177
<u>contract holder is the consumer for purposes of those sections.</u>	178
<u>(G) A consumer goods service contract does not constitute a</u>	179
<u>contract substantially amounting to insurance, or the contract's</u>	180
<u>issuance the business of insurance, under section 3905.42 of the</u>	181
<u>Revised Code.</u>	182
Section 2. That existing section 3905.421 of the Revised Code	183
is hereby repealed.	184