

ONE HUNDRED SECOND LEGISLATURE - SECOND SESSION - 2012
COMMITTEE STATEMENT (CORRECTED)
LB1054

Hearing Date: Monday February 13, 2012
Committee On: Banking, Commerce and Insurance
Introducer: McCoy
One Liner: Exempt ancillary product contracts from state insurance laws and authorize the sale of such contracts in conjunction with motor vehicle service contracts

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye:	7	Senators Christensen, Gloor, Langemeier, McCoy, Pahls, Pirsch, Schilz
Nay:		
Absent:	1	Senator Schumacher
Present Not Voting:		

Proponents:

Senator Beau McCoy
Korby Gilbertson
Eric Green

Representing:

Introducer
Motor Vehicle Ancillary Products Association
Cal-Tex Protective Coatings

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

This bill would enact a new section to provide that "ancillary product contracts" shall be exempt from the insurance laws of this state and that an ancillary product contract may be sold in conjunction with a "motor vehicle service contract" as defined in the Motor Vehicle Service Contract Reimbursement Insurance Act. The Motor Vehicle Service Contract Reimbursement Insurance Act is enforced by the Director of Insurance.

The bill would define an "ancillary protection product warranty" as an agreement by a warrantor to pay specified incidental costs as a result of the failure of an ancillary protection product to prevent loss or damage to a motor vehicle. The bill would define an "ancillary protection product" as a chemical, substance, device, system, or service that is installed on or applied to a motor vehicle; is designed to prevent loss or damage to the motor vehicle; and includes an ancillary protection product warranty.

The bill would define an "ancillary service contract" as an agreement paid for by means other than the purchase of a motor vehicle to perform various services including repair or replacement of damage resulting from road hazards; replacement of a lost or stolen motor vehicle key or key fob; or other services approved by the Director of Insurance.

The bill would provide that an ancillary product contract may be sold in conjunction with a motor vehicle service contract as defined in the Motor Vehicle Service Contract reimbursement Insurance Act. The bill would provide that a motor vehicle service contract form may include an ancillary protection product warranty and may include services available under an ancillary service contract. The bill would provide that nothing in it shall make ancillary product contracts subject to the Motor Vehicle Service Contract Reimbursement Insurance Act.

Explanation of amendments:

The committee amendments (AM2369) would strike the original sections of the bill and would amend sections 44-3521 and 44-3526 of the Motor Vehicle Service Contract Reimbursement Insurance Act in order to make the proposed contractual provisions of the bill subject to the act.

1. The committee amendments would amend section 44-3521 to expand the existing definition of "motor vehicle service contract" to include a contract or agreement to repair or replace tires or wheels damaged by road hazards; remove dents, dings, or creases using paintless dent removal; repair or replace windshields damaged by road hazards; replace inoperable or lost keys or key fobs; pay specified incidental costs resulting from failure of a vehicle protection product; or perform other services approved by the Director of Insurance.

The committee amendments would further amend section 44-3521 to provide new definitions: "incidental costs" - expenses specified in a motor vehicle service contract incurred by the purchaser of the motor vehicle due to the failure of a vehicle protection product; "road hazard;" and "vehicle protection product" - a device, system, or service that is installed on or applied to a vehicle; is designed to prevent loss or damage from a specific cause; and includes a warranty.

2. The committee amendments would amend section 44-3526 to clarify that the Motor Vehicle Service Contract Reimbursement Insurance Act shall not apply to product warranties governed by the federal Magnuson-Moss Warranty - Federal Trade Commission Improvement Act, or to any other warranties, indemnity agreement, or guarantees that are not provided incidental to the purchase of a vehicle protection product.

Rich Pahls, Chairperson