

GREEN SHEET REDIGEST

HB 340

2016 Regular Session

Stokes

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

CONSUMERS/PROTECTION: Provides relative to unsolicited offers to sell an extended service agreement relative to a motor vehicle

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DIGEST

Proposed law provides relative to an unsolicited offer, made by mail or common carrier, to sell to another an extended service agreement relative to a motor vehicle.

Proposed law provides that if the unsolicited offer is in writing, it shall state at the top of each page "THIS IS AN ADVERTISEMENT TO PURCHASE AN EXTENDED SERVICE AGREEMENT ON A MOTOR VEHICLE. IT IS NOT AN OFFICIAL DOCUMENT." The statement shall be in conspicuous and legible type that is not smaller than fourteen-point font and is in contrast by typography, layout, or color with any other printing on the writing.

Proposed law provides that if the unsolicited offer is oral, it shall begin and end with the statement: "THIS IS AN ADVERTISEMENT TO PURCHASE AN EXTENDED SERVICE AGREEMENT ON A MOTOR VEHICLE. IT IS NOT AN OFFICIAL NOTIFICATION OR DEMAND FOR ACTION."

Proposed law provides that a violation of its provisions shall constitute a deceptive and unfair trade practice and subject the violator to any and all actions and penalties authorized for such violations. Further provides that each offer in violation of the proposed law shall be considered a separate offense.

Proposed law defines "extended service agreement" to include any vehicle mechanical breakdown insurance policy, vehicle service contract sold by an independent payment provider or their agent, or vehicle component coverage contract. "Unsolicited offer" shall not include an offer made subsequent to a prior personal contact that included a meaningful exchange between the offeror and offeree.

Proposed law provides exception from its provisions for any manufacturer, distributor, or dealer of motor vehicles as defined in R.S. 32:1252, any vehicle mechanical breakdown insurer licensed pursuant to R.S. 22:362, any person acting pursuant to an agreement of and on behalf of such manufacturer, distributor, dealer, or licensed vehicle mechanical breakdown insurer, any entity licensed pursuant to R.S. 6:969.37, or any FDIC insured depository financial institution operating with a main office or one or more branches in this state, or their subsidiaries or affiliates.

(Adds R.S. 51:1422)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill

1. Delete references to "warranties" thereby making "extended service agreements" the sole focus of proposed law.
2. Add the prohibitions to sell or solicit for sale by mail or telephone any vehicle mechanical breakdown insurance policy or vehicle component coverage contract.

3. Exempt from proposed law motor vehicle distributors, vehicle mechanical breakdown insurers, and those acting on behalf of a manufacturer, distributor, dealer, or vehicle mechanical breakdown insurer.

The House Floor Amendments to the engrossed bill

1. Exempt from proposed law any entity licensed pursuant to present law, or any FDIC insured depository financial institution operating with a main office or one or more branches in this state, or their subsidiaries or affiliates.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Commerce, Consumer Protection, and International Affairs to the reengrossed bill

1. Revised language to provide requirements for unsolicited offers to sell an extended service agreement relative to a motor vehicle.