

ACT No. 657

2016 Regular Session

HOUSE BILL NO. 340

BY REPRESENTATIVES STOKES, ARMES, BACALA, BAGLEY, CHAD BROWN, TERRY BROWN, CARMODY, CONNICK, COX, DAVIS, EDMONDS, HILFERTY, HOFFMANN, HORTON, JONES, LYONS, MIGUEZ, JAY MORRIS, PYLANT, REYNOLDS, WILLMOTT, AND ZERINGUE

1 AN ACT

2 To enact R.S. 51:1422, relative to the regulation of the sale or the solicitation for sale of an
3 extended service agreement for motor vehicles; to provide certain requirements for
4 unsolicited offers; to provide certain definitions, terms, conditions, procedures,
5 exceptions, and effects; to classify a violation as a deceptive and unfair trade
6 practice; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 51:1422 is hereby enacted to read as follows:

9 §1422. Unfair or deceptive trade practice; unsolicited offer to sell extended service
10 agreement for a motor vehicle; requirements; exceptions; penalties

11 A. The provisions of this Section shall apply to an unsolicited offer, made
12 by mail or common carrier, to sell to another an extended service agreement relative
13 to a motor vehicle.

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

20 C. If the unsolicited offer is oral, it shall begin and end with the statement:
21 "THIS IS AN ADVERTISEMENT TO PURCHASE AN EXTENDED SERVICE
22 AGREEMENT ON A MOTOR VEHICLE. IT IS NOT AN OFFICIAL
23 NOTIFICATION OR DEMAND FOR ACTION."

1 D. A violation of the provisions of this Section shall constitute a deceptive
 2 and unfair trade practice and subject the violator to any and all actions and penalties
 3 authorized in this Chapter. Each offer in violation of this Section shall be considered
 4 a separate offense.

5 E. For the purposes of this Section, "extended service agreement" shall
 6 include any vehicle mechanical breakdown insurance policy, vehicle service contract
 7 sold by an independent payment provider or their agent, or vehicle component
 8 coverage contract. "Unsolicited offer" shall not include an offer made subsequent
 9 to a prior personal contact that included a meaningful exchange between the offeror
 10 and offeree.

11 F. The provisions of this Section shall not apply to any manufacturer,
 12 distributor, or dealer of motor vehicles as defined in R.S. 32:1252, any vehicle
 13 mechanical breakdown insurer licensed pursuant to R.S. 22:362, any person acting
 14 pursuant to an agreement of and on behalf of such manufacturer, distributor, dealer,
 15 or licensed vehicle mechanical breakdown insurer, any entity licensed pursuant to
 16 R.S. 6:969.37, or any Federal Deposit Insurance Corporation (FDIC) or National
 17 Credit Union Administration (NCUA) insured depository financial institution
 18 operating with a main office or one or more branches in this state, or their
 19 subsidiaries or affiliates.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____