

2024 Regular Session

HOUSE BILL NO. 554

BY REPRESENTATIVE DAVIS

MOTOR VEHICLES: Provides relative to motor vehicle protection product warranty businesses

1 AN ACT

2 To amend and reenact R.S. 32:1272(introductory paragraph), (6)(introductory paragraph)
3 and (ii), and (10), 1274(Section heading), (A), and (E), 1275(2)(b), 1276(1), and
4 1279(B)(3) and (C), to enact R.S. 32:1274(F), and to repeal R.S. 32:1274(B)(5) and
5 (6), 1275(1)(b), and 1276(5), relative to motor vehicle protection product businesses;
6 to provide for definitions; to remove requirements for licensure; to provide for
7 warrantor registration requirements; to provide for warranty reimbursement
8 insurance policy requirements; to provide for submission requests for certain
9 documents; to provide for record keeping; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 32:1272(introductory paragraph), (6)(introductory paragraph) and
12 (ii), and (10), 1274(Section heading), (A), and (E), 1275(2)(b), 1276(1), and 1279(B)(3) and
13 (C) are hereby amended and reenacted and R.S. 32:1274(F) is hereby enacted to read as
14 follows:

15 §1272. Definitions

16 The following words, terms, and phrases, when used in this Chapter, ~~shall~~
17 have the following meaning:

18 * * *

19 (6) "Vehicle protection product" means a vehicle protection device, system,
20 or service that is meets all of the following conditions:

21 * * *

1 (ii) Designed to prevent loss or damage to a vehicle or component part from
2 a specific cause.

3 * * *

4 (10) "Warranty reimbursement insurance policy" means a policy of
5 insurance that is issued to the vehicle protection product warrantor to provide
6 reimbursement to the warrantor or to pay on behalf of the warrantor, in the event the
7 warrantor fails to perform his obligations under the warranty, all covered contractual
8 obligations incurred by the warrantor under the terms and conditions of the insured
9 vehicle protection product warranties issued by the warrantor.

10 * * *

11 §1274. ~~License and filing~~ Registration requirements; ~~licensing~~ registration fees

12 A. A person may not operate as a warrantor or represent to the public that
13 the person is a warrantor unless the person is ~~licensed by~~ registered with the
14 commission on a form prescribed by the executive director.

15 * * *

16 E.(1) The ~~licensing~~ registration fee for a warrantor for each calendar year or
17 part thereof shall not exceed five hundred dollars as fixed by the commission.

18 (2) All ~~licensing~~ registration fees collected ~~under~~ in accordance with the
19 provisions of this Section shall be paid to the commission, shall be nonrefundable,
20 and shall be used for the administration of this Chapter by the commission.

21 (3) Upon ~~approval of an application~~ registration and the payment of a fee,
22 ~~the commission shall issue a license to the applicant to~~ a person may engage in
23 business as a warrantor under and in accordance with the provisions of Chapter 6 of
24 this Title and this Chapter for a period which shall expire the last day of December
25 following the date of issuance. Such ~~license~~ registration shall not be transferable or
26 assignable.

27 F. Other than the registration requirements provided for in this Section, a
28 warrantor and seller, administrator, or any other person who markets, sells, offers to
29 sell, or issues a vehicle protection product warranty is exempt from any licensing

1 requirements of this state in order to conduct vehicle protection product warranty
2 business.

3 §1275. Financial responsibility

4 * * *

5 (2)

6 * * *

7 (b) ~~The~~ Upon request, the warrantor provides the executive director with a
8 copy of the warrantor's or the warrantor's parent company's most recent Form 10-K
9 or Form 20-F filed with the Securities and Exchange Commission within the last
10 calendar year or, if the warrantor does not file with the Securities and Exchange
11 Commission, a copy of the warrantor's or the warrantor's parent company's audited
12 financial statements that shows a net worth of the warrantor or its parent company
13 of at least fifty million dollars. If the warrantor's parent company's Form 10-K, Form
14 20-F, or audited financial statements are ~~filed~~ used to meet the warrantor's financial
15 stability requirement, then the parent company shall agree to guarantee the
16 obligations of the warrantor relating to warranties issued by the warrantor in this
17 state. ~~The~~ Any private financial information filed under requested pursuant to this
18 Paragraph shall be confidential as a trade secret of the entity ~~filing~~ submitting the
19 information and not subject to public disclosure.

20 §1276. Warranty reimbursement policy requirements

21 No warranty reimbursement insurance policy shall be issued, sold, or offered
22 for sale in this state unless the policy meets the following conditions:

23 (1) The policy states that the issuer of the policy will reimburse or pay on
24 behalf of the vehicle protection product warrantor, in the event the warrantor fails
25 to perform his obligations under the warranty, all covered sums which the warrantor
26 is legally obligated to pay or will provide all the services that the warrantor is legally
27 obligated to perform according to the warrantor's contractual obligations under the
28 provisions of the insured warranties issued by the warrantor.

29 * * *

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 §1279. Record keeping

2 * * *

3 B. A vehicle protection product warrantor's accounts, books, and records
4 shall include:

5 * * *

6 (3) ~~The dates, amounts, and descriptions of all receipts, claims, and~~
7 ~~expenditures.~~ Written claims files which shall contain at least the dates and
8 description of claims related to the vehicle protection product warranties.

9 C. A vehicle protection product warrantor shall retain all required accounts,
10 books, and records pertaining to each warranty holder for at least ~~two years~~ one year
11 after the specified period of coverage has expired. A warrantor discontinuing
12 business in this state shall maintain its records until it furnishes the executive director
13 satisfactory proof that it has discharged all obligations to warranty holders in this
14 state.

15 * * *

16 Section 2. R.S. 32:1274(B)(5) and (6), 1275(1)(b), and 1276(5) are hereby repealed
17 in their entirety.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 554 Original

2024 Regular Session

Davis

Abstract: Removes the licensure requirement for vehicle protection product warrantors and instead provides for registration requirements.

Present law provides that a vehicle protection product is designed to prevent loss or damage to a vehicle from a specific cause.

Proposed law retains present law and adds that a vehicle protection product is also designed to prevent loss or damage to a component part.

Present law defines "warranty reimbursement insurance policy" as a policy of insurance that is issued to the vehicle product to provide reimbursement to the warrantor or payment on behalf of the warrantor.

Proposed law retains present law and adds a warranty reimbursement insurance policy provides payment on behalf of the warrantor if the warrant fails to perform his obligations under warranty.

Present law provides for licensing and filing requirements.

Proposed law replaces the licensure and filing requirements with registration requirements. Additionally, proposed law exempts a person conducting a vehicle protection product warranty business from any licensing requirements other than the registration requirements pursuant to proposed law.

Present law provides that warrantor registration records shall be filed annually and shall be updated within 30 days of any change. The registration records shall contain both of the following:

- (1) A copy of the warranty reimbursement insurance policy or policies or other financial information.
- (2) A copy of each warranty the warrantor proposes to use in this state.

Proposed law repeals present law.

Present law provides that no vehicle protection product shall be sold, or offered for sale in this state unless the warrantor meets one of several conditions, which includes filing a true and correct copy of the warranty reimbursement insurance policy with the executive director by the warrantor.

Proposed law repeals present law.

Present law requires a warrantor to provide the executive director certain documents filed with the SEC.

Proposed law retains present law and provides that documents should be provided upon request.

Present law provides that a warrantor's accounts, books, and records shall include dates, amounts, and descriptions of all receipts, claims, and expenditures.

Proposed law provides that a warrantor's accounts, books, and records shall include written claims files which shall contain at least the dates and description of claims related to the vehicle protection product warranties.

Present law requires a vehicle protection product warrantor to retain all required records for at least two years.

Proposed law changes the record keeping requirement from at least two years to one year.

(Amends R.S. 32:1272(intro. para.), (6)(intro. para) and (ii), and (10), 1274(Section heading), (A), and (E), 1275(2)(b), 1276(1), and 1279(B)(3) and (C); Adds R.S. 32:1274(F); Repeals R.S. 32:1274(B)(5) and (6), 1275(1)(b), and 1276(5))