

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

CONSUMERS/PROTECTION: Prohibits certain sales or offers for sale of extended service agreements for motor vehicles

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 prohibit certain sales or offers for  
4 sale of an extended service agreement; to classify each violation as a deceptive and  
5 unfair trade practice; to provide for exceptions; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

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

8 §1422. Unfair or deceptive trade practice; prohibition of third party motor vehicle  
9 extended service agreements; violations and penalties; exceptions

10 A. It shall be unlawful for any person to sell or solicit for sale an extended  
11 service agreement, including any vehicle mechanical breakdown insurance policy or  
12 vehicle component coverage contract, either by mail or by telephone, relative to a  
13 motor vehicle as defined in R.S. 32:1252.

14 B.(1) Any violation of this Section shall be a deceptive and unfair trade  
15 practice and shall subject the violator to any and all actions and penalties provided  
16 for in this Chapter.

17 (2) For the purpose of this Section, a violation shall occur each time an  
18 extended service agreement relative to a motor vehicle is sold or solicited for sale  
19 either by mail or by telephone.

1           C. The provisions of this Section shall not apply to any manufacturer,  
 2           distributor, or dealer of motor vehicles as defined in R.S. 32:1252, any vehicle  
 3           mechanical breakdown insurer licensed pursuant to R.S. 22:362, any person acting  
 4           pursuant to an agreement of and on behalf of such manufacturer, distributor, dealer,  
 5           or licensed vehicle mechanical breakdown insurer, any entity licensed pursuant to  
 6           R.S. 6:969.37, or any FDIC insured depository financial institution operating with  
 7           a main office or one or more branches in this state, or their subsidiaries or affiliates.

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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)]

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HB 340 Reengrossed

2016 Regular Session

Stokes

**Abstract:** Prohibits the sale or offer for sale of extended service agreements for motor vehicles, either by mail or by telephone.

Proposed law declares that it shall be unlawful for any person to sell or solicit for sale an extended service agreement, including any vehicle mechanical breakdown insurance policy or vehicle component coverage contract, either by mail or by telephone, relative to a motor vehicle as defined in present law (R.S. 32:1252).

Proposed law establishes that any violation of proposed law shall be a deceptive and unfair trade practice and shall subject the violator to any and all actions and penalties provided for in present law (Chapter 13 of Title 51). Further, proposed law establishes that a violation occurs each time an extended service agreement relative to a motor vehicle is sold or solicited for sale either by mail or by telephone.

Proposed law provides that the provisions of proposed law shall not apply to any of the following:

- (1) A manufacturer, distributor, or dealer of motor vehicles as defined in present law (R.S. 32:1252).
- (2) A vehicle mechanical breakdown insurer licensed pursuant to present law (R.S. 22:362).
- (3) A person acting on behalf of a manufacturer, distributor, dealer, or licensed vehicle mechanical breakdown insurer.
- (4) An entity licensed pursuant to present law (R.S. 6:969.37).
- (5) An 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.