

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	6 - 0 - 1
Yeas:	Berger, Edwards C., Esquivel, Rosenbaum, Smith P., Schaufler
Nays:	0
Exc.:	Holvey
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	4/9, 4/27

WHAT THE MEASURE DOES: Establishes the mechanisms for vehicle protection product warranties to be regulated in Oregon. Permits the Attorney General to enforce the measure's provisions as an unlawful trade practice. Specifies that the measure becomes operative on January 1, 2008. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Examples of vehicle protection products
- Measure is similar to what has been enacted in 17 other states
- Timeframe of establishing the measure's provisions
- Whether fees could cover administrative costs
- Why an emergency clause is necessary

EFFECT OF COMMITTEE AMENDMENT: Clarifies the intent of the measure. Deletes sections of the measure which required the warrantor of a vehicle protection product to indemnify a seller who pays or is obligated to pay a consumer any money the warrantor is obligated to pay under the terms of a vehicle protection product warranty, and procedures a warrantor must follow when cancelling a warranty before its expiration date.

BACKGROUND: HB 3386 A establishes the regulation of vehicle protection product warranties in Oregon. A vehicle protection product is designed to prevent loss or damage to a vehicle due to theft, and either have a warranty that comes with the product or an extended warranty that can be purchased at the time of sale. Examples of warranties include the replacement of a defective product or guaranteeing a fixed amount of reimbursable expenses if the vehicle is not recovered within an established time period.

Under the measure, the Department of Consumer and Business Services (DCBS) is responsible for maintaining a list of registered vehicle protection product warrantors, establishing rules relating to the registration process, and setting the required renewal or registration fee at a rate sufficient for paying administrative and enforcement expenses as well as to implement and enforce the measure's provisions. A business cannot conduct business or represent themselves as a warrantor unless they are registered or if they are already an authorized insurer that provides warranty insurance policies.

The warrantor is required to ensure that certain information and disclosures are included in information provided to the consumer at the time of sale, such as the warrantor's contact information, how to establish a warranty claim, and if there are any restrictions which govern the transferability or cancellation of the warranty. Warrantors are also required to purchase reimbursement insurance that protects the consumer in case the warrantor fails in its obligations to the consumer, and the measure establishes requirements of the reimbursement insurance policy. Furthermore, the warrantor is responsible for maintaining accurate accounts and making records available to DCBS for inspection.

HB 3386 A also establishes protections for the consumer, such as prohibiting advertising or literature with false or misleading statements and the use of the terms relating to the insurance industry in a warrantor's business name to prevent possible misrepresentation that a warranty is an insurance policy. Violations of the measure's provisions can be prosecuted under Oregon's Unlawful Trade Practices Act.

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This summary has not been adopted or officially endorsed by action of the committee.