

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 4 - 0 - 1

Yeas: George L., Monnes Anderson, Starr, Metsger

Nays: 0

Exc.: Deckert

Prepared By: Janet Adkins, Administrator

Meeting Dates: 5/30

WHAT THE MEASURE DOES: Establishes the mechanism for vehicle protection product warranties to be regulated in Oregon by the Department of Consumer and Business Services. Requires the department to maintain a list of registered vehicle protection product warrantors, to establish rules, and to set registration and renewal fees at a rate sufficient for paying administrative and enforcement expenses. Specifies that a business may not conduct business or represent itself as a warrantor unless it is registered or it is already an authorized insurer that provides warranty insurance policies. Requires warrantors to purchase reimbursement insurance to cover products if the warrantor fails in its obligations to the consumer. Permits the Attorney General to enforce the measure's provisions as an unlawful trade practice. Specifies that the measure becomes operative on July 1, 2008.

ISSUES DISCUSSED:

- Examples of vehicle protection products
- Other states with similar provisions

EFFECT OF COMMITTEE AMENDMENT: Deletes emergency clause. Delays operative date to July 1, 2008. Deletes necessity for enforcement action by the Attorney General be initiated by the Department of Consumer and Business Services.

BACKGROUND: A vehicle protection product is designed to prevent loss or damage to a vehicle due to theft, and to 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 House Bill 3386-B, the warrantor is required to register and meet requirements set by the Department of Consumer and Business Services (DCBS). The warrantor is also 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 that 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. The warrantor is responsible for maintaining accurate accounts and making records available to DCBS for inspection.

House Bill 3386-B further establishes protections for the consumer, 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.

6/7/2007 9:06:00 AM

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