

**REVENUE: No revenue impact**

**FISCAL: Minimal fiscal impact, no statement issued**

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed
<b>Vote:</b>	7 - 0 - 2
<b>Yeas:</b>	Barnhart, Berger, Dembrow, Hicks, Holvey, Hoyle, Garrett
<b>Nays:</b>	0
<b>Exc.:</b>	Jenson, Kennemer
<b>Prepared By:</b>	Erin Seiler, Administrator
<b>Meeting Dates:</b>	6/10

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**WHAT THE MEASURE DOES:** Expands definitions of “service contract” and “vehicle protection product” for purposes of regulation by Department of Consumer and Business Services. Exempts from definition of ‘obligor’ person that has a home services contractor license, and offers or provides services under a home service agreement, as it is related to home protection insurance and home protection insurer.

**ISSUES DISCUSSED:**

- Resolve conflict with Senate Bill 207 (2013)
- Comprehensive treatment of home service industry
- Home service contracts covered by both Insurance Division and Construction Contractors Board (CCB)
- Regulation of home service contractors under CCB to align with SB 207

**EFFECT OF COMMITTEE AMENDMENT:** Exempts from definition of ‘obligor’ person that has a home services contractor license, and offers or provides services under a home service agreement, as it is related to home protection insurance and home protection insurer.

**BACKGROUND:** Existing statute defines “service contract” as a contract or agreement to perform repair, replacement, or maintenance to property for a specific period of time when a defect in materials or workmanship, or normal wear and tear, result in damage to a covered vehicle. Existing statute defines “vehicle protection product” as a product, system or service designed to prevent a particular type of loss or damage to a vehicle from theft, accompanied by a written warranty and provided as a product or system installed on or applied to a vehicle or provided as a service for a specific vehicle.

Senate Bill 577-C adds additional vehicle-related products and services to the definitions of service contract and vehicle protection products, expanding and clarifying each definition. The measure allows a service contract to cover repairing and replacing tires or wheels damaged as a result of road hazards, the removal of certain dents that do not affect paint or finish, repairing chips or cracks in windshields, and replacing keys or key fobs without which the vehicle cannot operate. The measure also expands the definition of “vehicle protection product” to include any device, product, or substance designed to prevent loss or damage to a vehicle from a specific cause, with a specific exemption for products added to fuel or oil or applied to the vehicle’s engine, transmission or fuel system.