



House Bill 632
Sponsor Testimony—Representatives George F. Lang and Glenn W. Holmes
House Transportation and Public Safety Committee
Wednesday, June 6, 2018

Holmes:

Chairman Green, Vice Chair Patton, Ranking Member Sheehy and members of the Committee, thank you for the opportunity to provide sponsor testimony today on H.B. 632. In sum, this bill seeks to clarify existing law regarding motor vehicle service contract laws and modernize the products they support.

As motor vehicles become more technologically advanced, certain aspects of the vehicle are becoming increasingly expensive to replace. The code has always allowed a consumer to purchase a contract to cover road damage or wear and tear to general parts of the automobile. This new language will allow the purchase of a contract to repair or replace a lost, stolen, or inoperable key or key fob. Ohio law should allow consumers to purchase a motor vehicle ancillary protect protection contract to replace key fobs, a critical tool in the operation of a motor vehicle.

Generally, we have also introduced this bill to simplify and clarify Ohio law describing these contracts. The law clearly says what motor vehicle service contracts (warranties) are not—they are not insurance under Title 39 of the Ohio Revised Code (“R.C.”). However, existing law could better describe what these contracts *are*. H.B. 632 clearly defines what “motor vehicle services contracts” and “motor vehicle ancillary product protection contracts” are.

Lang:

The proposed language collapses R.C. 3905.425 into R.C. 3905.426, which will simplify this section of the code and apply the same disclaimers and requirements to motor vehicle service contracts, motor vehicle ancillary product protection contracts, and tire or wheel road hazard contracts.

The proposal further clarifies that motor vehicle service contracts, vehicle protection product warranties as defined in R.C. 3905.421, home service contracts as defined in R.C. 3905.422, consumer goods service contracts as defined in R.C. 3905.423, and contracts for pre-paid routine, scheduled maintenance only are not insurance and not subject to any provision of insurance law in Ohio unless expressly made so.

Finally, as previously mentioned, this language includes “key fobs” as an item included in a “motor vehicle ancillary product protection contract.” Like tire or wheel road hazard contracts, including key fobs in this section provides consumers with an option for replacement of

malfunctioning, lost or stolen key fobs—avoiding high out-of-pocket expenditures. Specifically, key fobs fall into a category of cost where they are too expensive to replace without assistance, but not expensive enough to claim on a vehicle owner’s general auto policy. The proposed language modernizes this section of code to cover a new technology in an effective and efficient way.

The following 30 jurisdictions have passed legislation that expressly authorizes a motor vehicle ancillary product protection contract to include protection for key fobs:

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| 1. Alabama | 16. Minnesota |
| 2. Alaska | 17. Missouri |
| 3. Arkansas | 18. Nebraska |
| 4. Arizona | 19. Nevada |
| 5. California | 20. New Hampshire |
| 6. Colorado | 21. New Mexico |
| 7. Florida | 22. North Carolina |
| 8. Idaho | 23. Oklahoma |
| 9. Illinois | 24. Oregon |
| 10. Indiana | 25. Puerto Rico |
| 11. Kansas | 26. Tennessee |
| 12. Kentucky | 27. Texas |
| 13. Louisiana | 28. Utah |
| 14. Maryland | 29. Virginia |
| 15. Michigan | 30. Washington |

We are happy to try to answer any questions the Committee may have.