

House Bill 632
Proponent Testimony
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Motor Vehicle Protection Products Association
House Transportation and Public Safety Committee
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Chairman Green, Vice Chair Patton, Ranking Member Sheehy and members of the Committee, thank you for the opportunity to provide testimony today **in support of H.B. 632** on behalf of the Motor Vehicle Protection Products Association (MVPPA).

By way of background, MVPPA is a national trade association with member companies that include providers, retailers, administrators, and insurers of various voluntary vehicle protection products, such as vehicle service contracts and theft protection products. Collectively, MVPPA's members represent the leading companies in the voluntary vehicle protection products industry. The MVPPA's member companies offer over 80 percent of the protection products available in the marketplace today and include Ally Insurance, AmTrust Financial Services, Assurant Solutions, Automobile Protection Corporation ("APCO"), Toyota Motor Insurance Services, CNA National Warranty Co., and Nation Safe Drivers. MVPPA's primary goal is to establish a uniform, balanced regulatory landscape across jurisdictions, one that minimizes confusion and provides clarity about the regulatory status of protection products.

H.B. 632 will provide Ohioans exactly this type clarity in three ways. First, the language provides clarity by condensing two largely repetitive statutory sections into a single section of law. Second, H.B. 632 clearly defines the scope of "motor vehicle service contracts". Finally, the bill clarifies the scope of what may be offered by "motor vehicle ancillary product protection contract" all without changing the way in which these products are regulated today.

H.B. 632 weaves together the relevant Ohio Revised Code ("R.C.") sections 3905.425 and 3905.426. This change simplifies these portions of law by removing duplicitous language without altering how the products addressed in these two sections are regulated pursuant to current law.

Additionally, the law currently exempts traditional "normal wear and tear" and "mechanical breakdown" vehicle service contracts from insurance regulation provisions but does so in a convoluted fashion. H.B. 632 will associate a specific product name—"motor vehicle service contract"—to the definition already provided in current law and more clearly state which contracts are exempt from insurance regulation provisions.

Lastly, H.B. 632 clarifies the scope of what may be offered as a "motor vehicle ancillary product protection contract" by (1) adding a provision permitting the replacement of lost, stolen, or inoperable key or key fob and (2) defining the term "road hazard" that is used in current law to clarify the scope of tire and wheel repair/replacement and glass repair/replacement contracts. As of the date of this testimony, twenty-five (25) states currently authorize such key or key fob contracts to be offered in their statutory counterparts to section 3905.426—another four states and Puerto Rico have passed legislation this year authorizing this product that will be effective in

the coming months. Likewise, twenty (20) states have adopted clarifying definitions of the term “road hazard” that is similar to the language contained in H.B. 632. An additional four states and Puerto Rico adopted similar definitions through legislation that will become effective over the next few months.

H.B. 632 will clarify existing law and make it more feasible for Ohio consumers to comprehend a complicated section of the Ohio Revised Code. Moreover, the bill will give Ohio consumers the option to purchase a motor vehicle ancillary product protection contract to cover a key fob, an increasingly expensive but crucial part of an auto mobile.

Thank you again for the opportunity to present testimony **in support of H.B. 632** before you today. I am happy to try to answer any questions the Committee may have.