As Reported by the Senate Financial Institutions, Insurance and Technology Committee

136th General Assembly

Regular Session **Sub. S. B. No. 65**

2025-2026

Senator Lang

To amend sections 1317.05, 3905.426, 4509.06, and 4509.70 and to enact section 1310.251 of the Revised Code to modify the law governing ancillary product protection contracts, vehicle value protection agreements, and uninsured drivers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1317.05, 3905.426, 4509.06, and 4509.70 be amended and section 1310.251 of the Revised Code be enacted to read as follows:

Sec. 1310.251. (A)(1) As used in this section, "excess wear and use waiver" means a contractual agreement that is part of, or a separate addendum to, a lease agreement for use of a motor vehicle, under which the lessor agrees, with or without a separate charge, to do one or both of the following:

(a) Cancel or waive all or part of amounts that may become due under a lessee's lease agreement as a result of excess wear and use of a motor vehicle;

(b) Cancel or waive amounts due for excess mileage.

(2) "Motor vehicle" has the same meaning as in section

4501.01 of the Revised Code and also includes utility vehicles and under-speed vehicles as defined in that section.

(B) The terms of a related motor vehicle lease shall not be conditioned upon the consumer's payment for any excess wear and use waiver. Excess wear and use waivers may be discounted or given at no extra charge in connection with the purchase of other noncredit related goods or services.

(C) Notwithstanding any provision of the Revised Code to the contrary, an excess wear and use waiver is not an insurance product.

Sec. 1317.05. (A) Any retail seller who, in any retail installment contract, has agreed to purchase insurance for the retail buyer and to extend credit for the price thereof, excluding single interest insurance, shall, prior to the due date of the first installment of the retail installment contract, deliver to the retail buyer personally, or mail or cause to be mailed to the retail buyer at the retail buyer's address as shown on the retail installment contract, the policy of insurance, or in lieu thereof a certificate of insurance, or the retail buyer is not liable on the retail buyer's retail installment contract until the policy, or certificate of insurance, is received, or full refund is made of the insurance premium.

If the premium for insurance of like kind and amount, as fixed in the published manual of a recognized standard rating bureau designated by the retail seller, is less than the amount charged the retail buyer as fixed in the written instrument in compliance with division (D) of section 1317.04 of the Revised Code, the retail buyer may deduct an amount equal to three times the difference from the amount owed the retail seller, or the

retail seller's successor in interest. Sections 1317.01 to 1317.11 of the Revised Code do not impair the authority of the superintendent of insurance to grant, renew, or revoke licenses, nor do said sections authorize anyone other than a licensee of the division of insurance to directly or indirectly receive any part of the amount charged for insurance in connection with any retail installment sale.

(B) As used in this division, "debt cancellation or debt suspension product" means a contractual agreement in which a retail seller, or its assignee, agrees for a separate charge to cancel or waive all or a part of amounts due on a retail buyer's retail installment contract in the event of a total physical damage loss or unrecovered theft of the motor vehicle that is the subject of the contract. "Debt cancellation or debt suspension product" includes a guaranteed asset protection waiver, guaranteed auto protection waiver, or other similarly named agreement. A "debt cancellation or debt suspension product" may also provide, with or without a separate charge, a benefit that waives an amount, or provides a borrower with a credit, towards the purchase of a replacement motor vehicle.

A debt cancellation or debt suspension product, and an addendum to a retail installment contract containing a debt cancellation or debt suspension product, shall be considered a part of the retail installment contract and shall remain a part of that contract upon the assignment, sale, or transfer of that contract. The charge for any optional debt cancellation or debt suspension product shall be listed as a specific good and shall not be considered a finance charge or interest. The purchase price and the terms of the debt cancellation or debt suspension product shall be disclosed in writing to the buyer. The extension of credit, terms of the credit, or the terms of the

related motor vehicle sale or lease shall not be conditioned on the purchase of the debt cancellation or debt suspension product. Notwithstanding any other provision of law, a debt cancellation or debt suspension product shall not be considered insurance.

(C) Single interest insurance shall be listed as a specific good in a retail installment contract.

(D) As used in this section, "single interest insurance" means insurance that covers only the interest of the holder of the retail installment contract.

Sec. 3905.426. (A) As used in this section:

(1) "Contract holder" means the person who purchased a motor vehicle ancillary product protection contract, any authorized transferee or assignee of the purchaser, or any other person assuming the purchaser's rights under the motor vehicle ancillary product protection contract.

(2) "Finance agreement" means a loan or retail installment contract secured by a motor vehicle or a lease contract for the use of a motor vehicle.

~~(2)~~ (3) "Motor vehicle" has the same meaning as in section 4501.01 of the Revised Code and also includes utility vehicles and under-speed vehicles as defined in that section.

~~(3)(a)~~ (4)(a) "Motor vehicle ancillary product protection contract" means a contract or agreement that is effective for a specified duration and paid for by means other than the purchase of a motor vehicle, or its parts or equipment, to perform any one or more of the following services:

(i) Repair or replacement of glass on a motor vehicle

necessitated by wear and tear or damage caused by a road hazard;

(ii) Removal of a dent, ding, or crease without affecting the existing paint finish using paintless dent removal techniques but which expressly excludes replacement of vehicle body panels, sanding, bonding, or painting;

(iii) Repair to the interior components of a motor vehicle necessitated by wear and tear but which expressly excludes replacement of any part or component of a motor vehicle's interior;

(iv) Repair or replacement of tires or wheels damaged because of a road hazard;

(v) Replacement of a lost, stolen, or inoperable key or key fob;

(vi) In conjunction with a motor vehicle leased for use, the repair, replacement, or maintenance of property, or indemnification for repair, replacement, or maintenance, due to excess wear and use, damage for items such as tires, paint cracks or chips, missing interior or exterior parts, or excess mileage that results in a lease-end charge, or any other charge for damage that is deemed as excess wear and use by a lessor under a motor vehicle lease, provided any such charge shall not exceed the purchase price of the vehicle at the end of the lease term;

(vii) Provide a benefit under a vehicle value protection agreement.

(b) A motor vehicle ancillary product protection contract may, but is not required to, provide for incidental payment of indemnity under limited circumstances, including, without limitation, towing, rental, and emergency road services.

(c) "Motor vehicle ancillary product protection contract" does not include any of the following:

(i) A motor vehicle service contract;

(ii) A vehicle protection product warranty as defined in section 3905.421 of the Revised Code;

(iii) A home service contract as defined in section 3905.422 of the Revised Code;

(iv) A consumer goods service contract as defined in section 3905.423 of the Revised Code;

(v) A contract for prepaid routine, scheduled maintenance only.

~~(4)~~ (5) "Motor vehicle service contract" means a contract or agreement to perform or pay for the repair, replacement, or maintenance of a motor vehicle due to defect in materials or workmanship, normal wear and tear, mechanical or electrical breakdown, or failure of parts or equipment of a motor vehicle, with or without additional provisions for incidental payment of indemnity under limited circumstances, including, without limitation, towing, rental, and emergency road services, that is effective for a specified duration and paid for by means other than the purchase of a motor vehicle.

~~(5)~~ (6) "Provider" means a person who is contractually obligated to a contract holder under the terms of a motor vehicle ancillary product protection contract.

~~(6)~~ (7) "Road hazard" means a condition that may cause damage or wear and tear to a tire or wheel on a public or private roadway, roadside, driveway, or parking lot or garage, including potholes, nails, glass, road debris, and curbs. "Road

hazard" does not include fire, theft, vandalism or malicious mischief, or other perils normally covered by automobile physical damage insurance.

~~(7)~~ (8) "Reimbursement insurance policy" means a policy of insurance issued by an insurer authorized or eligible to do business in this state to a provider to pay, on behalf of the provider in the event of the provider's nonperformance, all covered contractual obligations incurred by the provider under the terms and conditions of the motor vehicle ancillary product protection contract.

~~(8)~~ (9) "Supplier" has the same meaning as in section 1345.01 of the Revised Code.

(10) "Vehicle value protection agreement" includes a contractual agreement that provides a benefit towards either the reduction of some or all of the contract holder's current finance agreement deficiency balance, or towards the purchase or lease of a replacement motor vehicle or motor vehicle services, upon the occurrence of an adverse event to the motor vehicle, including loss, theft, damage, obsolescence, diminished value, or depreciation. "Vehicle value protection agreement" includes trade-in-credit agreements, diminished value agreements, depreciation benefit agreements, or other similar agreements. "Vehicle value protection agreement" does not include a debt suspension or debt cancellation product.

(B) All motor vehicle ancillary product protection contracts issued in this state shall be covered by a reimbursement insurance policy.

(C) A motor vehicle ancillary product protection contract issued by a provider that is required to be covered by a

reimbursement insurance policy under division (B) of this section shall conspicuously state all of the following:

(1) "This contract is not insurance and is not subject to the insurance laws of this state."

(2) That the obligations of the provider are guaranteed under a reimbursement insurance policy;

(3) That if a provider fails to perform or make payment due under the terms of the contract within sixty days after the contract holder requests performance or payment pursuant to the terms of the contract, the contract holder may request performance or payment directly from the provider's reimbursement insurance policy insurer, including any obligation in the contract by which the provider must refund the contract holder upon cancellation of a contract;

(4) The name, address, and telephone number of the provider's reimbursement insurance policy insurer.

(D) A motor vehicle ancillary product protection contract that includes repair or replacement of glass on a motor vehicle as provided in division ~~(A)(3)(a)(i)~~ (A)(4)(a)(i) of this section, shall conspicuously state: "This contract may provide a duplication of coverage already provided by your automobile physical damage insurance policy."

(E) A vehicle value protection agreement may be canceled by the contract holder within thirty days of the effective date of the agreement, and the contract holder shall be entitled to a full refund of the purchase price paid by the contract holder, if any, so long as no benefits have been provided under the contract.

(F) A vehicle value protection agreement that, under the

terms of the agreement, may be canceled by the contract holder more than thirty days after the effective date of the agreement must state the conditions under which it may be canceled, including the procedures for requesting any refund of the purchase price paid by the contract holder and the methodology for calculating any refund of the purchase price.

(G) The contract provider of the vehicle value protection agreement shall mail a written notice to the contract holder at the last known address of the contract holder contained in the records of the contract provider at least five days prior to cancellation by the contract provider. Prior notice is not required if the reason for cancellation is nonpayment of the provider fee, a material misrepresentation by the contract holder to the contract provider or administrator, or a substantial breach of duties by the contract holder relating to the covered product or the use of the covered product. The notice shall state the effective date of the cancellation and the reason for the cancellation. If a vehicle value protection agreement is canceled by the contract provider for a reason other than nonpayment of the provider fee, the provider shall refund to the contract holder one hundred per cent of the unearned provider fee paid by the contract holder, if any. If coverage under the vehicle value protection agreement continues after a claim, then all claims paid may be deducted from any refund required by this division. A reasonable administrative fee of up to seventy-five dollars may be charged by the contract provider and deducted from any refund due under this division or division (F) of this section.

(H) Any refund under divisions (E) and (F) of this section shall be paid to the seller or assignee of a retail installment contract or lease agreement unless otherwise agreed to by the

contract holder and the seller or assignee.

(I) A reimbursement insurance policy that is required to be issued under this section shall contain:

(1) A statement that if a provider fails to perform or make payment due under the terms of the motor vehicle ancillary product protection contract within sixty days after the contract holder requests performance or payment pursuant to the terms of the contract, the contract holder may request performance or payment directly from the provider's reimbursement insurance policy insurer, including any obligation in the contract by which the provider must refund the contract holder upon cancellation of a contract.

(2) A statement that in the event of cancellation of the provider's reimbursement insurance policy, insurance coverage will continue for all contract holders whose motor vehicle ancillary product protection contracts were issued by the provider and reported to the insurer for coverage during the term of the reimbursement insurance policy.

~~(F)~~ (J) The sale or issuance of a motor vehicle ancillary product protection contract is a consumer transaction for purposes of sections 1345.01 to 1345.13 of the Revised Code. The provider is the supplier and the contract holder is the consumer for purposes of those sections.

~~(G)~~ (K) Unless issued by an insurer authorized or eligible to do business in this state, a motor vehicle ancillary product protection contract does not constitute a contract substantially amounting to insurance, or the contract's issuance the business of insurance, under section 3905.42 of the Revised Code.

~~(H)~~ (L) Unless issued by an insurer authorized or eligible

to do business in this state, a contract identified in division ~~(A)(3)(c)(i)~~ (A)(4)(c)(i) or (v) of this section does not constitute a contract substantially amounting to insurance, or the contract's issuance the business of insurance, under section 3905.42 of the Revised Code.

~~(I)~~ (M) The rights of a contract holder against a provider's reimbursement insurance policy insurer as provided in this section apply only in regard to a reimbursement insurance policy issued under this section. This section does not create any contractual rights in favor of a person that does not qualify as an insured under any other type of insurance policy described in Title XXXIX of the Revised Code. This section does not prohibit the insurer of a provider's reimbursement insurance policy from assuming liability for contracts issued prior to the effective date of the policy or July 1, 2009.

~~(J)~~ (N) A contract or agreement described in division (A)(3)(a)(iv) of this section in which the provider is a tire manufacturer shall be exempt from the requirements of division (B) of this section if the contract or agreement conspicuously states all of the following:

(1) That the contract or agreement is not an insurance contract;

(2) That any covered obligations or claims under the contract or agreement are the responsibility of the provider;

(3) The name, address, and telephone number of any administrator responsible for the administration of the contract or agreement, the provider obligated to perform under the contract or agreement, and the contract seller;

(4) The procedure for making a claim under the contract or

agreement, including a toll-free telephone number for claims service and a procedure for obtaining emergency repairs or replacements performed outside normal business hours.

Sec. 4509.06. (A) ~~The driver of any motor vehicle which~~ Any person who is in any manner involved in a motor vehicle accident ~~within six months of the accident~~, including as the driver of a motor vehicle, the owner of property, or any person sustaining bodily injury or property damage, may, within six months after the accident, forward a written report of the accident to the registrar of motor vehicles on a form prescribed by the registrar alleging that a driver or owner of any ~~other~~ vehicle involved in the accident was uninsured at the time of the accident.

(B) Upon receipt of the accident report, the registrar shall send a notice by regular mail to the driver and owner alleged to be uninsured requiring the person to give evidence that the person had proof of financial responsibility in effect at the time of the accident.

(C) Within thirty days after the mailing of the notice by the registrar, the driver of the vehicle alleged to be uninsured shall forward a report together with acceptable proof of financial responsibility to the registrar in a form prescribed by the registrar. The forwarding of the report by the owner of the motor vehicle involved in the accident is deemed compliance with this section by the driver. This section does not change or modify the duties of the driver or operator of a motor vehicle as set forth in section 4549.02 of the Revised Code.

Sec. 4509.70. (A) After consultation with the insurance companies authorized to issue automobile liability or physical damage policies, or both, in this state, the superintendent of

insurance shall approve a reasonable plan, fair and equitable to the insurers and to their policyholders, for the apportionment among such companies of applicants for such policies and for motor-vehicle liability policies who are in good faith entitled to but are unable to procure such policies through ordinary methods. When any such plan has been approved by the superintendent, all such insurance companies shall subscribe and participate. Any applicant for such policy, any person insured under such plan of operation, and any insurance company affected, may appeal to the superintendent of insurance from any ruling or decision of the manager or committee designated in the plan to operate the assigned risk insurance plan. Any order or act of the superintendent under this section is subject to review as provided in sections 119.01 to 119.13 of the Revised Code, at the instance of any party in interest.

(B) The plan described in division (A) of this section may permit the assigned risk insurance plan to directly issue and process claims arising from such policies described in division (A) of this section to applicants of automobile insurance policies who are in good faith entitled to but are unable to procure such policies through ordinary methods.

(C) Every form of a policy, endorsement, rider, manual of classifications, rules, and rates, every rating plan, and every modification of any of them proposed to be used by the assigned risk insurance plan shall be filed, or the plan may satisfy its obligation to make such filings, as described in section 3937.03 of the Revised Code.

(D) Any automobile insurance policy issued by the assigned risk insurance plan under division (B) of this section:

(1) Shall be recognized as if issued by an insurance

company authorized to do business in this state;

(2) Shall meet all requirements of proof of financial responsibility as described in division (K) of section 4509.01 of the Revised Code.

(E) Proof of financial responsibility provided by the assigned risk insurance plan to an automobile insurance policyholder that meets the requirements described in division (G)(1)(a) or (b) of section 4509.101 of the Revised Code shall be recognized as if issued by an insurance company authorized to do business in this state to demonstrate proof of financial responsibility under section 4509.101 of the Revised Code.

(F) The assigned risk insurance plan designated in division (A) of this section shall do both of the following:

(1) Make annual audited financial reports available to the superintendent of insurance promptly upon the completion of such audit;

(2) Upon reasonable notice, make available to the superintendent of insurance all books and records relating to the insurance transactions of the assigned risk insurance plan.

(G)(1) Except as provided in division (G)(2) of this section, records created, held by, or pertaining to the assigned risk insurance plan are not public records under section 149.43 of the Revised Code, are confidential, and are not subject to inspection or disclosure.

(2) Division (G)(1) of this section does not apply to the plan of operation and other information required to be filed under this section with the superintendent unless otherwise prohibited from release by law.

(H)(1) For the purposes of division (H) of this section, "insurance agent" has the same meaning as in section 3905.01 of the Revised Code.

(2) Provided that the assigned risk insurance plan establishes registration procedures for insurance agents under division (H)(3) of this section, the plan shall not accept an application for an automobile insurance policy issued under division (B) of this section unless that application is submitted through an insurance agent registered in accordance with those procedures.

(3) The plan may do all of the following:

(a) Establish procedures to register insurance agents;

(b) Establish separate registrations for commercial and personal insurance agents, or one registration for both;

(c) Empower the manager of the plan to make determinations on registration status, including by revoking an insurance agent's registration.

(4) If an insurance agent is denied registration with the plan, or the insurance agent's registration is revoked, the plan may notify the superintendent of the plan's decision. The plan and manager are immune from civil liability for any decision to deny or revoke registration and from any decision to report denials or revocations to the superintendent.

(5) All insurance agents submitting applications to the plan for automobile insurance coverage have an affirmative duty to ensure that all information included in the application and any supporting materials is true and accurate.

(6)(a) An insurance agent shall not submit an application

to the plan for automobile insurance coverage unless the agent exercises due diligence in confirming that the person seeking insurance is unable to obtain coverage through an insurer authorized to do business in this state.

(b) For the purposes of this section, due diligence requires an insurance agent to contact at least five of the authorized insurers the agent represents or, if the agent does not represent five authorized insurers that customarily write automobile insurance coverage, as many of such insurers as the agent represents.

(c) An insurance agent may assume that insurance coverage cannot be procured for the applicant through ordinary methods after each insurer contacted under division (H)(6)(b) of this section declines to provide coverage.

(d) An insurance agent may assume that an authorized insurer declines to provide coverage to the applicant seeking insurance upon either of the following:

(i) Receiving notice from the insurer declining coverage;

(ii) Receiving no response from the insurer within ten days after the date the insurance agent initially makes contact with the insurer.

(e) The determination of whether an insurance agent has adequately complied with the due diligence requirements is at the discretion of the manager of the plan.

(f) An agent shall not submit an application on behalf of an applicant to the plan for any automobile insurance policy if any insurer admitted, authorized, or otherwise eligible to do business in this state has in any way communicated a willingness to insure the applicant, even if coverage provided by the plan

costs less than other insurers.

(g) The manager of the plan may revoke the registration of an insurance agent who fails to comply with division (H)(6) of this section.

Section 2. That existing sections 1317.05, 3905.426, 4509.06, and 4509.70 of the Revised Code are hereby repealed.