

SB809

Measure Title:	RELATING TO SERVICE CONTRACTS.
Report Title:	Service Contracts
Description:	Clarifies the allowable scope of service contracts regulated by the Insurance Commissioner to include contracts for certain motor vehicle repair and replacement services.
Companion:	HB154
Package:	None
Current Referral:	CPH
Introducer(s):	BAKER, S. Chang

February 21, 2019

Via Hand Delivery

Senator Rosalyn H. Baker, Chair
Senator Stanley Chang, Vice Chair
Senate Committee on Commerce, Consumer Protection, And Health

Re: Support of Senate Bill 809

On behalf of its members, the Motor Vehicle Protection Products Association (MVPPA) would like to express its **support of Senate Bill 809** when it comes to you for consideration.

By way of background, MVPPA is a national trade association with member companies that include providers, retailers, administrators, and insurers of vehicle service contracts and theft protection products. MVPPA's primary goal is to establish a uniform, balanced regulatory landscape that minimizes confusion or dispute about the regulatory status of these products. MVPPA's member companies offer over 80% of the protection products available in the marketplace today and include Ally Insurance, AmTrust Financial Services, Assurant Solutions, Toyota Motor Insurance Services, and CNA National Warranty Company.

Senate Bill 809 amends the definition of service contract to expressly authorize a number of products to be offered as service contracts. Typically, these products provide consumers with benefits either not covered under a traditional automobile insurance policy or that may be under their traditional automobile insurance policy's deductible. For example, often times the cost of replacing a vehicle's key-fob in the event it is lost or stolen, although costly, is less than a consumer's insurance deductible and so the consumer may be left paying the cost out of pocket. Instead, a consumer could elect to purchase a service contract with key-fob replacement coverage to avoid the possibility of paying this cost out of pocket. Moreover, it is our understanding that these coverages are offered in Hawaii today as service contracts that are filed with and reviewed by the Department of Commerce and Consumer Affairs' Insurance Division, and that this legislation merely crystalizes in statue the current regulatory treatment of these products.

The MVPPA thanks you in advance for your time and consideration in this matter and reiterates its **support of Senate Bill 809** as currently drafted. Please do not hesitate to contact me directly with any questions, concerns, or requests for additional information at jim@meenanlawfirm.com or (850) 425-4000.

Sincerely,



James P. Burleson
Assistant Executive Director

"Tire, wheel, windshield, dent, appearance care and other valuable coverage."