

P.L. 2020, CHAPTER 86, *approved September 14, 2020*

Assembly, No. 2669 (*First Reprint*)

1 **AN ACT** concerning motor vehicle ancillary production products
2 and amending and supplementing P.L.2013, c.197

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 1 of P.L.2013, c.197 (C.56:12-87) is amended to
8 read as follows:

9 1. As used in this act:

10 "Administrator" means a person who performs the third-party
11 administration of a service contract, pursuant to the provisions of
12 section 5 of this act, on behalf of a provider.

13 "Consumer" means a natural person who buys other than for
14 purposes of resale any property that is distributed in commerce and
15 that is normally used for personal, family, or household purposes
16 and not for business or research purposes.

17 "Director" means the Director of the Division of Consumer
18 Affairs in the Department of Law and Public Safety.

19 "Emergency, life safety, or property safety goods" means any
20 goods provided for installation in, as part of, or for addition to, a
21 system designed to prevent, respond to, alert regarding, suppress,
22 control, or extinguish an emergency or the cause of an emergency,
23 or assist evacuation in the event of an emergency, which emergency
24 could threaten life or property. Examples of these systems include
25 fire alarm, fire sprinkler, fire suppression, fire extinguisher,
26 security, gas detection, intrusion detection, access control, video
27 surveillance and recording, mass notification, public address,
28 emergency lighting, patient wandering, infant tagging, and nurse
29 call.

30 "Leased motor vehicle excess wear and use protection" means
31 the repair, replacement, or maintenance of property, or
32 indemnification for repair, replacement, or maintenance, due to
33 excess wear and use, damage for items such as tires, paint cracks or
34 chips, interior stains, rips or scratches, exterior dents or scratches,
35 windshield cracks or chips, missing interior or exterior parts or
36 excess mileage that results in a lease-end charge, or any other
37 charge for damage that is deemed as excess wear and use by a
38 lessor under a motor vehicle lease.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ACO committee amendments adopted March 5, 2020.

1 "Maintenance agreement" means a contract of limited duration
2 that provides for scheduled maintenance only, and does not include
3 repair or replacement of the property subject to the contract.

4 "Motor vehicle ancillary protection product" means a contract or
5 agreement between a provider and a consumer for a specific
6 duration, for a provider fee or other separately stated consideration,
7 to perform one or more of the following with respect to a motor
8 vehicle:

9 (1) the repair or replacement of tires or wheels on a motor
10 vehicle damaged as a result of coming into contact with road
11 hazards including but not limited to potholes, rocks, wood debris,
12 metal parts, glass, plastic, curbs, or composite scraps;

13 (2) the removal of dents, dings, or creases on a motor vehicle
14 that can be repaired using the process of paintless dent removal
15 without affecting the existing paint finish and without replacing
16 vehicle body panels, sanding, bonding, or painting;

17 (3) the repair of small motor vehicle windshield chips or cracks
18 which may include replacement of the windshield for chips or
19 cracks that cannot be repaired ;

20 (4) the replacement of a motor vehicle key or key-fob in the
21 event that the key or key-fob becomes inoperable or is lost or
22 stolen;

23 (5) leased motor vehicle excess wear and use protection; or

24 (6) other services which may be approved by the director, that
25 are consistent with the provisions of P.L.2013, c.197 (C.56:12-
26 87 et seq.).

27 "Non-original manufacturer's part" means a replacement part not
28 made for or by the original manufacturer of the property, commonly
29 referred to as an "after market part."

30 "Person" means any natural person, company, corporation,
31 association, society, firm, partnership, or other similar legal entity.

32 "Premium" means the consideration paid to an insurer for a
33 reimbursement insurance policy, and is subject to any applicable
34 premium tax.

35 "Provider" means a person who is contractually obligated to the
36 service contract holder under the terms of the service contract.

37 "Provider fee" means the consideration paid by a consumer for a
38 service contract, and is not subject to any premium tax.

39 "Reimbursement insurance policy" means a policy of insurance
40 issued to a provider to either provide reimbursement to, or payment
41 on behalf of, the provider under the terms of the insured service
42 contracts issued or sold by the provider, or, in the event of the
43 provider's non-performance, to provide or pay for, on behalf of the
44 provider, all covered contractual obligations incurred by the
45 provider.

46 "Service contract" means a contract or agreement between a
47 provider and a consumer for any duration, for a provider fee or
48 other separately stated consideration, to perform, or to provide

1 indemnification for the performance of, the maintenance, repair,
2 replacement, or service of property for the operational or structural
3 failure of the property due to a defect in materials or workmanship
4 or due to normal wear and tear, and which may include additional
5 provisions for incidental payment of indemnity under limited
6 circumstances. In the case of a motor vehicle, such circumstances
7 may include towing, rental, and emergency road services, and other
8 road hazard protections. A service contract may provide for the
9 maintenance, repair, replacement, or service of the property for
10 damage resulting from power surges or interruption, or accidental
11 damage from handling. A service contract also includes a motor
12 vehicle ancillary protection product. Service contracts may provide
13 for leak or repair coverage to house roofing systems. A "service
14 contract" does not include a contract in writing to maintain
15 structural wiring associated with the delivery of cable, telephone, or
16 other broadband communication services or a contract in writing
17 related to the delivery of satellite television or broadband
18 communication services.

19 "Service contract holder" or "contract holder" means a consumer
20 who is the purchaser of a service contract or is entitled to the
21 contractual benefits under the terms of the contract.

22 "Warranty" means a warranty made solely by the manufacturer,
23 importer, or seller of property or services without additional
24 consideration, that is incidental to, and not negotiated or separated
25 from, the sale of the property or services, that guarantees indemnity
26 for defective materials, parts, mechanical or electrical breakdown,
27 labor, or workmanship, or provides other remedial measures,
28 including repair or replacement of the property or repetition of
29 services.

30 (cf: P.L.2013, c.197, s.1)

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32 2. (New section) In the case of a service contract that provides
33 for leased motor vehicle excess wear and use protection, as defined
34 in section 1 of P.L.2013, c.197 (C.56:12-87), the contract shall not
35 provide for a payment for maintenance that exceeds the purchase
36 price of the vehicle.

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38 3. This act shall take effect **1**immediately on the first day of
39 the third month next following enactment¹.

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43
44 Concerning motor vehicle ancillary production products and
45 service contracts.