

CHAPTER 86

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

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

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

C.56:12-87 Definitions relative to service contracts.

1. As used in this act:

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

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

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

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

"Leased motor vehicle excess wear and use protection" means 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, interior stains, rips or scratches, exterior dents or scratches, windshield 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Service contract" means a contract or agreement between a provider and a consumer for any duration, for a provider fee or other separately stated consideration, to perform, or to provide indemnification for the performance of, the maintenance, repair, replacement, or service of property for the operational or structural failure of the property due to a defect in materials or workmanship or due to normal wear and tear, and which may include additional provisions for incidental payment of indemnity under limited circumstances. In the case of a motor vehicle, such circumstances may include towing, rental, and emergency road services, and other road hazard protections. A service contract may provide for the maintenance, repair, replacement, or service of the property for damage resulting from power surges or interruption, or accidental damage from handling. A service contract also includes a motor vehicle ancillary protection product. Service contracts may provide for leak or repair coverage to house roofing systems. A "service contract" does not include a contract in writing to maintain structural wiring associated with the delivery of cable, telephone, or other broadband communication services or a contract in writing related to the delivery of satellite television or broadband communication services.

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

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

C.56:12-93.1 Service contract for certain leased motor vehicle, maintenance not to exceed cost of vehicle.

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

3. This act shall take effect on the first day of the third month next following enactment.

Approved September 14, 2020.