

West's Vermont Statutes Annotated Currentness

Title Eight. Banking and Insurance

Part 3. Insurance

▢ Chapter 113. Liability Insurance

→ Subchapter 4. Service Contract Companies

§ 4247. Definitions

As used in this subchapter:

- (1) "Commissioner" means the Commissioner of Financial Regulation.
- (2) "Consumer" means a natural person who buys other than for purposes of resale any tangible personal property that is distributed in commerce and that is normally used for personal, family, or household purposes, and not for commercial purposes.
- (3) "Service contract holder" means a person who is the purchaser or holder of a service contract.
- (4) "Manufacturer" means a person that manufactures, produces, or markets goods and sells the goods under its own name or label; or manufactures or produces goods and the goods are sold under the trade name or label of another person.
- (5) "Maintenance agreement" means a contract of limited duration that provides for scheduled maintenance only.
- (6) "Mechanical breakdown insurance" means any policy, contract, or agreement issued by an authorized insurer that provides for the repair, replacement, or maintenance of property or indemnification for repair, replacement, or maintenance, for the operational or structural failure of the property due to a defect in materials or workmanship or due to normal wear and tear.
- (7) "Provider" means a person who issues, makes, or provides a service contract, and who is contractually obligated to provide service under a service contract and is not the manufacturer.
- (8) "Service contract" means any contract or agreement to perform or indemnify for a specific duration the repair, replacement, or maintenance of property for operational or structural failure due to a defect in materials, workmanship, or normal wear and tear, with or without additional provisions for incidental payment of indemnity under limited circumstances, including towing, rental, and emergency road service. "Service contract" also includes a contract or agreement sold for a separately stated consideration for a specific duration that provides for any of the following:
 - a. the repair or replacement of tires and wheels on a motor vehicle damaged as a result of coming into contact with a road hazard;

- b. 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 sanding, bonding, painting, or replacing a vehicle body panel;
- c. 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;
- d. the replacement of a motor vehicle key or key fob in the event that the key or key fob becomes inoperable, lost, or stolen; or,
- e. 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, interior stains, rips or scratches, exterior dents or scratches, windshield cracks or chips, missing interior or exterior parts or excess mileage that result 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 payment shall not exceed the purchase price of the vehicle.
- f. Other services or products approved by the Commissioner.

(9) "Service contract reimbursement policy" means a policy of insurance providing full reimbursement coverage for all obligations and liabilities under the terms of a service contract issued by the provider.

(10) "Warranty" means a warranty made solely by the manufacturer, importer, or seller of property or services, without charge, that is not negotiated or separated from the sale of the product and is incidental to the sale of the product, and that guarantees indemnity for defective parts, mechanical or electrical breakdown, labor, or other remedial measures, such as repair or replacement of the property or repetition of services.

(11) "Road hazard" means a hazard that is encountered while driving a motor vehicle, which may include potholes, rocks, wood debris, metal parts, glass, plastic, curbs, or composite scraps.

(12) "Theft protection program" means a device, or system that (i) is installed on or applied to a motor vehicle, (ii) is designed to prevent loss or damage to a motor vehicle from theft, and (iii) includes a theft protection program warranty. The term shall include, but not be limited to, alarm systems, body part marking products, steering locks, window etch products, pedal and ignition locks, fuel and ignition kill switches, and electronic, radio, and satellite tracking devices. Theft protection program does not include fuel additives, oil additives, or other chemical products applied to the engine, transmission, or fuel system, or interior or exterior surfaces of a motor vehicle.

(13) "Theft protection program warranty" means a written agreement by a warrantor that provides if a theft protection program fails to prevent loss or damage to a motor vehicle from theft, that the warrantor will pay to or on behalf of the warranty holder specified incidental costs as a result of the failure of the theft protection program to perform pursuant to the terms of the theft protection program warranty.

(14) “Incidental costs” means expenses specified in a theft protection program warranty that are incurred by the warranty holder due to the failure of a theft protection program to perform as provided in the contract. Incidental costs may include, without limitation, insurance policy deductibles, rental vehicle charges, the difference between the actual value of the stolen vehicle at the time of theft and the cost of a replacement vehicle, sales taxes, registration fees, transaction fees, and mechanical inspection fees. Incidental costs may be reimbursed in either a fixed amount specified in the theft protection program warranty or by use of a formula itemizing specific incidental costs incurred by the warranty holder.

§ 4256. Exemption for certain contracts

The provisions of this subchapter shall not apply to service contracts with a duration of one year or less where the provider also has an existing agreement to supply liquid fuel used in the course of normal operation of the property subject to the service contract.

Nothing in this section shall apply to “theft protection programs” or their accompanying warranties and such warranties shall also not be considered insurance. Such warranties are subject only to regulation under the federal Magnuson-Moss Warranty Act, 15 U.S.C. 2301 et seq.