

Itemization of Revisions to HB 206

- Generally, the Division wants this housed in the Insurance Code and wants it to have its own Chapter so changes have been made throughout to accomplish this.
- On page 1 we are striking “damaged by power surges” to correct an error made when this statutory provision was originally enacted. Power surge is already covered in the definition and “accidental damage from handling of property” should not be modified by power surges.
- On page 2 the Division asked that we include “motor vehicle” to be clear that the warranties and maintenance agreements referenced are motor vehicle agreements.
- On page 2-3, the Division wanted the definition to be more consistent with the definition currently found in AS 21.03.021(e) to the extent possible so changes were made to the definition of what a motor vehicle service contract is to make it more consistent.
- On page 3 the Division wanted the list of incidental indemnity items included after the reference to incidental indemnity.
- On page 3 the Division wanted more clarity added to make sure that the list of items stated in paragraph (b) could be offered on a standalone basis because as it was drafted the Division felt like the language would not authorize the items listed in new paragraph (b) as a standalone product.
- On page 3, new paragraph (c) was revised to include a minimum font size as requested by the Division.
- On page 4, I have again added “motor vehicle” in several places at the request of the Division to be clear.
- On page 4, I have also added a clear exemption for automobile service corporation (commonly referred to as motor clubs) to ensure that motor clubs providing towing, rental car, and emergency road benefits are not lumped into those contracts that are subject to this new law.
- On page 4, I have corrected cross references for manufacturer programs.
- On page 5, I have included language at the request of the Division to clarify the relationship between a provider and any administrator appointed by the provider.
- On page 5, I have added language to paragraph (g) at the request of the Division.
- On page 6, I have added language provided to me by the Division to more clearly provide what must be done/provided during application and also what options a person has who is denied licensure.
- On page 6, I have added language requested by the Division with respect to updating the Division when changes occur to the materials submitted when applying along with reporting duties when another state takes action against a licensee or applicant. This is consistent with other statutory requirements for licensees.
- On page 7, I have included language provided by the Division which makes the provisions consistent with other statutory language regarding renewals, lapses, and reinstatements.
- On page 7-8, I have included language creating a registration process for administrators at the request of the Division.
- On page 8, I have included clarifying language to the cancellation and refund paragraphs which was requested by the Division. The Division wanted a 30-day free look period so I changed the 20 days to 30 days.
- On page 9, I have included language drafted by the Division regarding how a provider may cancel and what is required in that event.

- On page 9, I have included a specific reference to risk retention groups at the request of the Division who did not like the more broad language of “licensed, registered, or otherwise authorized.
- On page 10, the Division asked for some clarification changes as well as that language be included requiring a company utilizing its net worth to prove up that net worth to the Director at the Director’s request.
- On page 11, I revised the cut-through time frame from 60 days to 30 days at the request of the Division.
- On page 11, I have lengthened the records retention requirement from 1 to 5 years at the request of the Division to make it consistent with how other licensees are treated.
- On page 11, I have included a paragraph that requires a provider to respond to the Director’s request for information within a certain time period as requested by the Division.
- On page 12, I have included language provided by the Division with respect to examinations and investigations and costs related to the same.
- On page 12-13, I have included language provided by the Division with respect to cease and desist orders as well as immediate suspension authority.
- On page 13, I have revised the penalties as a result of discussions with the Division. The Division has not indicated it is okay with the proposed penalties yet but has indicated it is considering them. This is the highest the Industry is willing to go however.
- On page 14, I have included rulemaking authority at the request of the Division.
- On page 14, I have revised the definition of motor vehicle at the request of the Division.
- On page 15, I have removed the repealing of the automobile service corporation laws and have instead inserted language making it clear that a motor vehicle service contract provider is not subject to the laws as long as it is licensed under the new law and only to the extent it is providing services through a motor vehicle service contract. This again was at the request of the Division.