



North Dakota MVPPA 2150 Testimony

Chairman Lefor and Members of the House Industry, Business and Labor Committee:

Thank you for the opportunity to present before you regarding Senate Bill 2150.

With this bill, the Motor Vehicle Protection Product Association (“MVPPA”) is seeking an amendment to North Dakota Century Code § 9-01-21 regarding service contracts.

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 programs. 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.

The proposed legislation amends the definition of “property service contract” currently found in North Dakota Century Code § 9-01-21 to expressly authorize a number of products which may be offered as a service contract —tire and wheel repair or replacement, windshield repair or replacement, paintless dent repair, lost, stolen, inoperable key or key-fob replacement and excess wear and use coverage for repairs or maintenance in conjunction with a vehicle lease. It is our understanding that many of these coverages are offered in North Dakota today as service contracts and that this legislation merely crystalizes in statute the current regulatory treatment of these products.

Typically, these products provide consumers with benefits either not covered under their traditional automobile insurance policy or where the benefit would be less than 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.

The legislation also defines vehicle theft protection product and clarifies that a warranty that accompanies the product is not subject to the provisions of the Insurance Code.

Finally, the legislation adds clarifying definitions.

This bill seeks to bring North Dakota's statutes in line with how these products are treated in the majority of other states. The bill's language has been discussed at length with the North Dakota Insurance Department as well as the Attorney General's Office, and private side stake holders including the Automobile Dealers Association of North Dakota, North Dakota Bankers Association and multiple insurance interests, including the American Property Casualty Insurance Association which supports the bill.

Thank you for your time.

Sincerely,

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