
OLR Bill Analysis

sSB 1425

AN ACT CONCERNING MOTOR VEHICLE PROTECTION PRODUCTS.

SUMMARY

This bill specifies that a contract or agreement providing an extended warranty or vehicle theft protection product warranty does not constitute engaging in the business of insurance in the state. Thus, it exempts these warranties from general insurance requirements.

The bill expands the definition of extended warranty to include contracts or agreements that warranty specified motor vehicle damages (e.g., tire damage from pot holes, dents and dings, and key fob replacement). It defines a “vehicle theft protection product” as any device or system installed on or applied to a covered motor vehicle that is designed to prevent loss or damage from theft and that includes a vehicle theft protection product warranty (i.e. a contract obligating a warrantor to pay for specified incidental costs resulting from a vehicle theft protection product’s failure to work as contracted).

Lastly, the bill subjects extended warranty providers and vehicle theft protection product warrantors to a \$1,500 filing fee payable to the insurance commissioner. The \$1,500 fee applies when filing a rate filing; a merger, acquisition, or change of control filing; or both. This requirement is unclear as it does not appear that an extended warranty provider must file these things with the commissioner. (By law, an extended warranty provider must submit to the commissioner a copy of (1) its extended warranty form and (2) the required extended warranty reimbursement insurance policy issued by an insurer authorized to do business in Connecticut or a certified public accountant’s certification that attests to the adequacy of the warranty provider’s claim reserves (CGS § 42-260(e)).) Further, the bill does not appear to require a vehicle theft protection product warrantor to submit anything to the

commissioner.

By law, any violation of the extended warranty statute by an extended warranty provider is a violation of the Connecticut Unfair Insurance Practices Act (CGS § 38a-816(17)).

EFFECTIVE DATE: October 1, 2025

EXTENDED WARRANTY

Expanded Definition

By law, an “extended warranty” is a contract to repair, replace, or maintain a product, or indemnify a person for related costs, due to a product failure or defect. The cost of the warranty must not be included in the product’s lease or purchase price. The bill expands this definition to include the following:

1. repairing or replacing motor vehicle tires or wheels damaged due to road hazards, including pot holes and other specified debris;
2. removing dents, dings, or creases on a motor vehicle using paintless dent removal without impacting the finish, replacing the vehicle body, sanding, bonding, or painting;
3. repairing chips or cracks in a windshield due to road hazards;
4. replacing a motor vehicle key or key fob due to theft, inoperability, or loss; and
5. for vehicles leased for personal use, repairing, replacing, or maintaining items due to excess wear and use, including tires; paint; cracks or chips; interior stains, rips, or scratches; exterior dents or scratches; windshield cracks or chips; missing parts; or excess mileage resulting in a lease charge, as long as the charge does not exceed the vehicle’s purchase price.

BACKGROUND

Connecticut Unfair Insurance Practices Act

The law prohibits engaging in unfair or deceptive acts or practices in

the business of insurance. It authorizes the insurance commissioner to conduct investigations and hearings, issue cease and desist orders, impose fines, revoke or suspend licenses, and order restitution for per se violations (i.e. violations specifically listed in statute). The law also allows the commissioner to ask the attorney general to seek injunctive relief in Superior Court if he believes someone is engaging in other unfair or deceptive acts not specifically defined in statute.

Fines may be up to (1) \$5,000 per violation to a \$50,000 maximum or (2) \$25,000 per violation to a \$250,000 maximum in any six-month period if the violation was knowingly committed. The law also imposes a fine of up to \$50,000, in addition to or in lieu of a license suspension or revocation, for violating a cease and desist order (CGS §§ 38a-815 to -819).

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 12 Nay 1 (03/13/2025)