



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5026 (Substitute S-3 as reported)
Sponsor: Representative Judy Emmons
House Committee: Insurance
Senate Committee: Banking and Financial Institutions

CONTENT

The bill would create the "Vehicle Protection Product Act" to prohibit a person from selling a warranted product unless the seller, warrantor, and any administrator complied with the Act. ("Warranted product" mean a vehicle protection product covered by a written warranty. "Vehicle protection product" would mean a device, system, or service installed on or applied to a vehicle and designed to prevent loss or damage, other than one installed or applied by the vehicle's manufacturer at the assembly facility. "Warrantor" would mean a person obligated to a warranty holder under the terms of a warranty. "Administrator" would mean a third party designated by the warrantor to be responsible for the administration of vehicle protection product warranties in Michigan.)

The bill also would do all of the following:

- Require a warrantor to file with the Department of Labor and Economic Growth (DLEG) a notice that contained identifying and warranty information.
- Allow DLEG to charge each warrantor a reasonable fee of up to \$250 per year.
- Authorize DLEG to promulgate rules to implement and administer the proposed Act.
- Require warranted products to have an insurance policy guaranteeing the warrantor's obligations to the warranty holder.
- Specify warranty requirements and a warrantor's responsibilities and prohibited activities.
- Authorize the Attorney General to enforce the proposed Act.

The bill would take effect 180 days after its enactment.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would require any person acting as a warrantor to file a notice with the Department of Labor and Economic Growth, increasing the responsibilities of the Department. The bill would provide revenue to the Department by allowing it to charge an annual fee of not more than \$250 to warrantors, which would partially offset the costs of the bill. It is estimated by the Department that fee revenue would be about \$7,500 annually.

The bill would have no fiscal impact on local government.

Date Completed: 11-15-05

Fiscal Analyst: Elizabeth Pratt
Maria Tyszkiewicz