



General Assembly

January Session, 2025

**Raised Bill No. 1425**

LCO No. 5341



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

***AN ACT CONCERNING MOTOR VEHICLE PROTECTION PRODUCTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42-260 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2025*):

3 (a) As used in this section:

4 (1) "Extended warranty" means a contract or agreement to either  
5 perform or provide indemnification for the repair, replacement or  
6 maintenance of a product because of operational or structural failure of  
7 such product due to a defect in materials, skill or workmanship or  
8 normal wear and tear given for consideration over and above the lease  
9 or purchase price of a product. "Extended warranty" includes, but is not  
10 limited to: (A) The repair or replacement of tires or wheels on a motor  
11 vehicle damaged as a result of coming into contact with road hazards,  
12 including, but not limited to, pot holes, rocks, wood debris, metal parts,  
13 glass, plastic, curbs or composite scraps; (B) the removal of dents, dings  
14 or creases on a motor vehicle using the process of paintless dent removal  
15 without (i) affecting the existing paint finish, (ii) replacing vehicle body

16 panels, (iii) sanding, (iv) bonding, or (v) painting; (C) the repair of chips  
17 or cracks in, or the replacement of, a motor vehicle windshield as a result  
18 of damage caused by such road hazards; (D) the replacement of a motor  
19 vehicle key or key fob if such key or key fob becomes inoperable, or is  
20 lost or stolen; or (E) in conjunction with a motor vehicle leased for  
21 personal use, the repair, replacement or maintenance of property or  
22 indemnification for repair, replacement or maintenance, due to excess  
23 wear and use damage for items, including, but not limited to, tires, paint  
24 cracks or chips, interior stains, rips or scratches, exterior dents or  
25 scratches, windshield cracks or chips, missing interior or exterior parts  
26 or excess mileage that result in a lease-end charge, provided any such  
27 charge shall not exceed the purchase price of the motor vehicle.  
28 "Extended warranty" does not include portable electronics insurance, as  
29 defined in section 38a-397.

30 (2) "Extended warranty provider" means a person who issues, makes,  
31 provides or offers to provide an extended warranty to a buyer and who  
32 is contractually obligated to provide service under such extended  
33 warranty, excluding a retail seller of an extended warranty if such seller:  
34 (A) Is the manufacturer of the product covered under the extended  
35 warranty, or a subsidiary of the manufacturer; (B) sells or offers an  
36 extended warranty for a product obligating the manufacturer, a  
37 subsidiary of the manufacturer, a distributor or an importer to provide  
38 the service or indemnification arising under the extended warranty; or  
39 (C) performs at least ninety per cent of the repair service provided to  
40 buyers pursuant to extended warranties purchased from such seller.

41 (3) "Buyer" means a person who purchases an extended warranty  
42 from an extended warranty provider.

43 (4) "Extended warranty reimbursement insurance policy" means a  
44 policy of insurance providing coverage for all obligations and liabilities  
45 incurred by an extended warranty provider under the terms of the  
46 extended warranty sold to a buyer by such provider.

47 (5) "Vehicle theft protection product" means any device or system  
48 that (A) is installed on or applied to a covered motor vehicle; (B) is  
49 designed to prevent loss or damage to such covered motor vehicle from  
50 theft; and (C) includes a vehicle theft protection product warranty; and

51 (6) "Vehicle theft protection product warranty" means a contract or  
52 agreement obligating a warrantor to pay to, or on behalf of, the vehicle  
53 theft protection product warranty holder specified incidental costs as a  
54 result of the failure of such vehicle theft protection product to perform  
55 pursuant to the terms of such contract or agreement.

56 (b) An extended warranty shall obligate the extended warranty  
57 provider to supply to the buyer all services and functional parts that  
58 may be necessary to repair the product for the duration of the extended  
59 warranty without additional charge, except as otherwise expressly  
60 provided.

61 (c) An extended warranty shall contain all of the following:

62 (1) A clear description and identification of the product;

63 (2) The date when the extended warranty commences and its  
64 duration, and, if the extended warranty is for less than one year, the  
65 extended warranty shall include a provision for the automatic extension  
66 of the extended warranty while the product is in the custody of the  
67 extended warranty provider for repair under such warranty;

68 (3) A description of the limits on transfer or assignment of the  
69 extended warranty if the enforceability of an extended warranty is  
70 limited to the original buyer or is limited to persons other than every  
71 consumer owner of the covered product during the term of the extended  
72 warranty;

73 (4) A statement of the obligation of the extended warranty provider  
74 including statements of: (A) Any services, parts, components, defects,  
75 malfunctions, conditions, repairs or remedies that are excluded from the

76 scope of the extended warranty; (B) any limits on the obligations of the  
77 extended warranty provider; (C) any additional services which the  
78 extended warranty provider will supply; (D) whether the buyer has the  
79 responsibility of any other obligations and, if so, the nature and  
80 frequency of such obligations, and the consequences of any  
81 noncompliance;

82 (5) A step-by-step explanation of the procedure which the buyer shall  
83 follow in order to obtain performance of any obligation under the  
84 extended warranty including: (A) The full legal and business name of  
85 the extended warranty provider; (B) the mailing address of the extended  
86 warranty provider; (C) the persons or class of persons that are  
87 authorized to perform service; (D) the name or title and address of any  
88 agent, employee or department of the extended warranty provider that  
89 is responsible for the performance of any obligations; (E) the method of  
90 giving notice to the extended warranty provider of the need for service;  
91 (F) whether in-home service is provided or, if not, whether the costs of  
92 transporting the product for service or repairs will be paid by the  
93 extended warranty provider; (G) if the product must be transported to  
94 the extended warranty provider, either the place where the product may  
95 be delivered for service or repairs or a toll-free telephone number which  
96 the buyer may call to obtain that information; (H) all other steps which  
97 the buyer must take to obtain service; and (I) all fees, charges and other  
98 costs that the buyer must pay to obtain service;

99 (6) A description of the services the extended warranty provider will  
100 supply under the extended warranty; and

101 (7) A statement of a right to cancel the warranty if the buyer returns  
102 the product or the product is sold, lost, stolen or destroyed, or a  
103 statement that there is no right to cancel.

104 (d) (1) An extended warranty shall not be issued, sold or offered for  
105 sale unless the extended warranty provider is insured under an  
106 extended warranty reimbursement insurance policy issued by an

107 insurer authorized to do business in this state or the extended warranty  
108 provider can demonstrate that reserves for claims contained in the  
109 provider's financial statements are not in excess of one-half of a  
110 provider's audited net worth. If such reserves are in excess of one-half  
111 of a provider's net worth, the reserves shall be held in trust by an  
112 independent trustee and certified annually as adequate by an actuary.

113 (2) The extended warranty reimbursement insurance policy shall  
114 cover the obligations under the extended warranty sold by the extended  
115 warranty provider during the period of time that such provider's  
116 insurance policy is in force.

117 (3) An insurer authorized to issue an extended warranty  
118 reimbursement insurance policy in this state shall, at the time the policy  
119 is filed with the Insurance Commissioner as set forth in subsection (c) of  
120 section 38a-676 and continuously thereafter: (A) Maintain a surplus as  
121 to policyholders and paid-in capital of not less than fifteen million  
122 dollars; (B) demonstrate to the satisfaction of said commissioner that the  
123 company maintains a ratio of net written premiums, wherever written,  
124 to a surplus as to policyholders and paid-in capital of not greater than  
125 three to one; and (C) annually file with the Insurance Commissioner  
126 copies of such insurer's audited financial statements, its National  
127 Association of Insurance Commissioners' Annual Statement and the  
128 actuarial certification required by and filed in such insurer's state of  
129 domicile.

130 (e) An extended warranty provider shall submit to the Insurance  
131 Commissioner: (1) A copy of the extended warranty form issued by said  
132 provider; and (2) a copy of said provider's extended warranty  
133 reimbursement insurance policy form issued by an insurer authorized  
134 to do business in this state or a certification by a certified public  
135 accountant attesting to the adequacy of the reserves for claims reported  
136 on said provider's financial statements or contained in said provider's  
137 trust account.

138 (f) (1) An extended warranty shall contain the name and address of  
139 the insurers insuring the obligations and liabilities of such warranty and  
140 instructions on how the buyer, or successor to the buyer's rights, of the  
141 product may file a claim with the insurer if the extended warranty  
142 provider fails to perform according to the terms of the extended  
143 warranty.

144 (2) An insurer of an extended warranty shall not refuse to renew any  
145 policy unless such insurer or its agent shall send, by registered or  
146 certified mail or by mail evidenced by a certificate of mailing or delivery  
147 to the Insurance Commissioner, at least sixty days' advance notice of its  
148 intention not to renew. The notice of intent not to renew shall state or be  
149 accompanied by a statement specifying the reason for such nonrenewal.

150 (g) The Insurance Commissioner shall develop regulations, in  
151 accordance with chapter 54, implementing an arbitration process to  
152 settle disputes arising from extended warranty contracts between  
153 extended warranty providers and buyers.

154 (h) Nothing in this section shall apply to a home warranty contract or  
155 home warranty service agreement, as defined in section 38a-320, or  
156 regulated utilities.

157 (i) No contract or agreement providing any extended warranty or  
158 vehicle theft protection product warranty shall constitute engaging in  
159 the business of insurance in this state.

160 Sec. 2. Section 38a-47 of the general statutes is repealed and the  
161 following is substituted in lieu thereof (*Effective October 1, 2025*):

162 (a) All domestic insurance companies and other domestic entities  
163 subject to taxation under chapter 207, and extended warranty providers  
164 and warrantors of vehicle theft protection products, as such terms are  
165 defined in section 42-260, as amended by this act, shall, in accordance  
166 with section 38a-48, as amended by this act, annually pay to the  
167 Insurance Commissioner, for deposit in the Insurance Fund established

168 under section 38a-52a, an amount equal to:

169 (1) The actual expenditures made by the Insurance Department  
170 during each fiscal year, and the actual expenditures made by the Office  
171 of the Healthcare Advocate, including the cost of fringe benefits for  
172 department and office personnel as estimated by the Comptroller;

173 (2) The amount appropriated to the Office of Health Strategy from  
174 the Insurance Fund for the fiscal year, including the cost of fringe  
175 benefits for office personnel as estimated by the Comptroller, which  
176 shall be reduced by the amount of federal reimbursement received for  
177 allowable Medicaid administrative expenses;

178 (3) The expenditures made on behalf of the department and said  
179 offices from the Capital Equipment Purchase Fund pursuant to section  
180 4a-9 for such year, but excluding such estimated expenditures made on  
181 behalf of the Health Systems Planning Unit of the Office of Health  
182 Strategy; and

183 (4) The amount appropriated to the Department of Aging and  
184 Disability Services for the fall prevention program established in section  
185 17a-859 from the Insurance Fund for the fiscal year.

186 (b) The expenditures and amounts specified in subdivisions (1) to (4),  
187 inclusive, of subsection (a) of this section shall exclude expenditures  
188 paid for by fraternal benefit societies, foreign and alien insurance  
189 companies and other foreign and alien entities under sections 38a-49  
190 and 38a-50.

191 (c) Payments shall be made by assessment of all such domestic  
192 insurance companies, [and] other domestic entities, extended warranty  
193 providers and warrantors of vehicle theft protection products calculated  
194 and collected in accordance with the provisions of section 38a-48, as  
195 amended by this act. Any such domestic insurance company, [or] other  
196 domestic entity, extended warranty provider or warrantor of a vehicle  
197 theft protection product aggrieved because of any assessment levied

198 under this section may appeal therefrom in accordance with the  
199 provisions of section 38a-52.

200 Sec. 3. Section 38a-48 of the general statutes, as amended by section  
201 31 of public act 24-1 of the June special session, is repealed and the  
202 following is substituted in lieu thereof (*Effective October 1, 2025*):

203 (a) On or before June thirtieth, annually, the Commissioner of  
204 Revenue Services shall render to the Insurance Commissioner a  
205 statement certifying the total amount of taxes reported to the  
206 Commissioner of Revenue Services on returns filed with said  
207 commissioner by each domestic insurance company or other domestic  
208 entity under chapter 207, or by any extended warranty provider or  
209 warrantor of a vehicle theft protection product, as such terms are  
210 defined in section 42-260, as amended by this act, on business done in  
211 this state during the calendar year immediately preceding the prior  
212 calendar year. For purposes of preparing the annual statement under  
213 this subsection, the total amount of taxes required to be set forth in such  
214 statement shall be the amount of tax reported by each domestic  
215 insurance company or other domestic entity under chapter 207, each  
216 extended warranty provider and warrantor of a vehicle theft protection  
217 product to the Commissioner of Revenue Services prior to the  
218 application of any credits allowable or available under law to each such  
219 domestic insurance company or other domestic entity under chapter  
220 207, extended warranty provider or warrantor of a vehicle theft  
221 protection product.

222 (b) On or before July thirty-first, annually, the Insurance  
223 Commissioner shall render to each domestic insurance company, [or]  
224 other domestic entity, extended warranty provider or warrantor of a  
225 vehicle theft protection product liable for payment under section 38a-  
226 47, as amended by this act:

227 (1) A statement that includes (A) the amount appropriated to the  
228 Insurance Department, the Office of the Healthcare Advocate and the

229 Office of Health Strategy from the Insurance Fund established under  
230 section 38a-52a for the fiscal year beginning July first of the same year,  
231 (B) the cost of fringe benefits for department and office personnel for  
232 such year, as estimated by the Comptroller, (C) the estimated  
233 expenditures on behalf of the department and the offices from the  
234 Capital Equipment Purchase Fund pursuant to section 4a-9 for such  
235 year, not including such estimated expenditures made on behalf of the  
236 Health Systems Planning Unit of the Office of Health Strategy, and (D)  
237 the amount appropriated to the Department of Aging and Disability  
238 Services for the fall prevention program established in section 17a-859  
239 from the Insurance Fund for the fiscal year;

240 (2) A statement of the total amount of taxes reported in the annual  
241 statement rendered to the Insurance Commissioner pursuant to  
242 subsection (a) of this section; and

243 (3) The proposed assessment against [that] such company, [or] entity,  
244 extended warranty provider or warrantor of vehicle theft protection  
245 products calculated in accordance with the provisions of subsection (c)  
246 of this section, provided for the purposes of this calculation the amount  
247 appropriated to the Insurance Department, the Office of the Healthcare  
248 Advocate and the Office of Health Strategy from the Insurance Fund  
249 plus the cost of fringe benefits for department and office personnel and  
250 the estimated expenditures on behalf of the department and said offices  
251 from the Capital Equipment Purchase Fund pursuant to section 4a-9,  
252 not including such expenditures made on behalf of the Health Systems  
253 Planning Unit of the Office of Health Strategy shall be deemed to be the  
254 actual expenditures of the department and said offices, and the amount  
255 appropriated to the Department of Aging and Disability Services from  
256 the Insurance Fund for the fiscal year for the fall prevention program  
257 established in section 17a-859 shall be deemed to be the actual  
258 expenditures for the program.

259 (c) (1) The proposed assessments for each domestic insurance  
260 company, [or] other domestic entity, extended warranty provider or

261 warrantor of a vehicle theft protection product shall be calculated by (A)  
262 allocating twenty per cent of the amount to be paid under section 38a-  
263 47, as amended by this act, among the domestic entities organized under  
264 sections 38a-199 to 38a-209, inclusive, and 38a-214 to 38a-225, inclusive,  
265 in proportion to their respective shares of the total amount of taxes  
266 reported in the annual statement rendered to the Insurance  
267 Commissioner pursuant to subsection (a) of this section, and (B)  
268 allocating eighty per cent of the amount to be paid under section 38a-47,  
269 as amended by this act, among all domestic insurance companies, [and]  
270 domestic entities other than those organized under sections 38a-199 to  
271 38a-209, inclusive, and 38a-214 to 38a-225, inclusive, extended warranty  
272 providers and warrantors of vehicle theft protection products, in  
273 proportion to their respective shares of the total amount of taxes  
274 reported in the annual statement rendered to the Insurance  
275 Commissioner pursuant to subsection (a) of this section, provided if  
276 there are no domestic entities organized under sections 38a-199 to 38a-  
277 209, inclusive, and 38a-214 to 38a-225, inclusive, at the time of  
278 assessment, one hundred per cent of the amount to be paid under  
279 section 38a-47, as amended by this act, shall be allocated among such  
280 domestic insurance companies, [and] domestic entities, extended  
281 warranty providers and warrantors of vehicle theft protection products.

282 (2) When the amount any such company, [or] entity, extended  
283 warranty provider or warrantor of a vehicle theft protection product is  
284 assessed pursuant to this section exceeds twenty-five per cent of the  
285 actual expenditures of the Insurance Department, the Office of the  
286 Healthcare Advocate and the Office of Health Strategy from the  
287 Insurance Fund, such excess amount shall not be paid by such company,  
288 [or] entity, extended warranty provider or warrantor of a vehicle theft  
289 protection product, but rather shall be assessed against and paid by all  
290 other such companies, [and] entities, extended warranty providers or  
291 warrantors of vehicle theft protection products in proportion to their  
292 respective shares of the total amount of taxes reported in the annual  
293 statement rendered to the Insurance Commissioner pursuant to

294 subsection (a) of this section, except that for purposes of any assessment  
295 made to fund payments to the Department of Public Health to purchase  
296 vaccines, such company or entity shall be responsible for its share of the  
297 costs, notwithstanding whether its assessment exceeds twenty-five per  
298 cent of the actual expenditures of the Insurance Department, the Office  
299 of the Healthcare Advocate and the Office of Health Strategy from the  
300 Insurance Fund. The provisions of this subdivision shall not be  
301 applicable to any corporation that has converted to a domestic mutual  
302 insurance company pursuant to section 38a-155 upon the effective date  
303 of any public act that amends said section to modify or remove any  
304 restriction on the business such a company may engage in, for purposes  
305 of any assessment due from such company on and after such effective  
306 date.

307 (d) Each annual payment determined under section 38a-47, as  
308 amended by this act, and each annual assessment determined under this  
309 section shall be calculated based on the total amount of taxes reported  
310 in the annual statement rendered to the Insurance Commissioner  
311 pursuant to subsection (a) of this section.

312 (e) On or before September first, annually, for each fiscal year, the  
313 Insurance Commissioner, after receiving any objections to the proposed  
314 assessments and making such adjustments as in the commissioner's  
315 opinion may be indicated, shall assess each such domestic insurance  
316 company, [or] other domestic entity, extended warranty provider or  
317 warrantor of a vehicle theft protection product an amount equal to its  
318 proposed assessment as so adjusted. Each domestic insurance company,  
319 [or] other domestic entity, extended warranty provider or warrantor of  
320 a vehicle theft protection product shall pay to the Insurance  
321 Commissioner (1) on or before June thirtieth, annually, an estimated  
322 payment against its assessment for the following year equal to twenty-  
323 five per cent of its assessment for the fiscal year ending such June  
324 thirtieth, (2) on or before September thirtieth, annually, twenty-five per  
325 cent of its assessment adjusted to reflect any credit or amount due from  
326 the preceding fiscal year as determined by the commissioner under

327 subsection (f) of this section, and (3) on or before the following  
328 December thirty-first and March thirty-first, annually, each domestic  
329 insurance company, [or] other domestic entity, extended warranty  
330 provider or warrantor of a vehicle theft protection product shall pay to  
331 the Insurance Commissioner the remaining fifty per cent of its proposed  
332 assessment to the department in two equal installments.

333 (f) If the actual expenditures for the fall prevention program  
334 established in section 17a-859 are less than the amount allocated, the  
335 Commissioner of Aging and Disability Services shall notify the  
336 Insurance Commissioner. Immediately following the close of the fiscal  
337 year, the Insurance Commissioner shall recalculate the proposed  
338 assessment for each domestic insurance company, [or] other domestic  
339 entity, extended warranty provider or warrantor of a vehicle theft  
340 protection product in accordance with subsection (c) of this section  
341 using the actual expenditures made during the fiscal year by the  
342 Insurance Department, the Office of the Healthcare Advocate and the  
343 Office of Health Strategy from the Insurance Fund, the actual  
344 expenditures made on behalf of the department and said offices from  
345 the Capital Equipment Purchase Fund pursuant to section 4a-9, not  
346 including such expenditures made on behalf of the Health Systems  
347 Planning Unit of the Office of Health Strategy, and the actual  
348 expenditures for the fall prevention program. On or before July thirty-  
349 first, annually, the Insurance Commissioner shall render to each such  
350 domestic insurance company, [and] other domestic entity, extended  
351 warranty provider and warrantor of a vehicle theft protection product a  
352 statement showing the difference between their respective recalculated  
353 assessments and the amount they have previously paid. On or before  
354 August thirty-first, the Insurance Commissioner, after receiving any  
355 objections to such statements, shall make such adjustments that in the  
356 commissioner's opinion may be indicated, and shall render an adjusted  
357 assessment, if any, to the affected companies. Any such domestic  
358 insurance company, [or] other domestic entity, extended warranty  
359 provider or warrantor of a vehicle theft protection product may pay to

360 the Insurance Commissioner the entire assessment required under this  
361 subsection in one payment when the first installment of such assessment  
362 is due.

363 (g) If any assessment is not paid when due, a penalty of twenty-five  
364 dollars shall be added thereto, and interest at the rate of six per cent per  
365 annum shall be paid thereafter on such assessment and penalty.

366 (h) The Insurance Commissioner shall deposit all payments made  
367 under this section with the State Treasurer. On and after June 6, 1991,  
368 the moneys so deposited shall be credited to the Insurance Fund  
369 established under section 38a-52a and shall be accounted for as expenses  
370 recovered from insurance companies.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2025</i>	42-260
Sec. 2	<i>October 1, 2025</i>	38a-47
Sec. 3	<i>October 1, 2025</i>	38a-48

**Statement of Purpose:**

To regulate the business of extended warranties for motor vehicles and vehicle theft protection product warranties in this state.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*