

New Jersey Register  
VOLUME 41, ISSUE 12  
ISSUE DATE: **JUNE 15, 2009**  
**RULE ADOPTIONS**  
LAW AND PUBLIC SAFETY  
**DIVISION OF CONSUMER AFFAIRS**

**Adopted New Rules: N.J.A.C. 13:45A-30**

**Vehicle Protection Product Warranties**

Proposed: November 3, 2008 at 40 N.J.R. 6404(a).

Adopted: April 20, 2009 by David Szuchman, Director, Division of Consumer Affairs.

Filed: May 18, 2009 as R.2009 d.192, **with a technical change** not requiring additional public notice and comment (see N.J.A.C. 1:30-6.3).

Authority: P.L. 2007, c. 166, codified as N.J.S.A. 17:18-19 through 26, and N.J.S.A. 56:8-167.

Effective Date: June 15, 2009.

Expiration Date: March 21, 2011.

**Federal Standards Statement**

A Federal standards analysis is not required because the adopted new rules do not exceed Federal standards. The new rules are consistent with the applicable Federal standards set forth in the Magnuson-Moss Warranty Act, 15 U.S.C. §§2301 et seq., and in the applicable regulations set forth at 16 CFR §§700.1 et seq.

**Full text** of the adoption follows (addition to proposal indicated in boldface with asterisks **\*thus\***; deletion from proposal indicated in brackets with asterisks **\*[thus]\***):

**SUBCHAPTER 30. VEHICLE PROTECTION PRODUCT WARRANTIES**

**13:45A-30.1 Purpose and scope**

(a) The rules in this subchapter implement the provisions of P.L. 2007, c. 166, concerning vehicle protection product warranties, and shall apply to all warrantors issuing warranties covering vehicle protection products sold or offered for sale in the State.

(b) The rules in this subchapter shall apply only to vehicle protection products purchased by a consumer on or after **\*[(the effective date of this subchapter)]\* \*June 15, 2009\***. Vehicle protection products purchased by a consumer before this date and subsequently transferred to another consumer on or after this date shall not be subject to the provisions of this subchapter.

**13:45A-30.2 Definitions**

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context indicates otherwise.

"Administrator" means a third party, other than the warrantor, who is designated by the warrantor to be responsible for the administration of vehicle protection product warranties.

"Director" means the Director of the Division of Consumer Affairs in the Department of Law and Public Safety.

"Division" means the Division of Consumer Affairs in the Department of Law and Public Safety.

"Incidental costs" means losses and expenses that are specified in the vehicle protection product warranty and are incurred by the warranty holder relating to the failure of the vehicle protection product to perform as provided in the warranty. Incidental costs may include, but are not limited to, insurance policy deductibles, rental vehicle charges, the difference between the actual value of the stolen vehicle at the time of theft and the cost of a replacement vehicle, sales taxes, registration fees, transaction fees and mechanical inspection fees.

"Vehicle protection product" means a vehicle protection device, system or service that:

1. Is installed on or applied to a vehicle;
2. Is designed to prevent loss or damage to a vehicle from a specific cause or to facilitate the recovery of the vehicle after it has been stolen; and
3. Includes a written warranty by a warrantor that if the vehicle protection product fails to prevent loss or damage to the vehicle from a specific cause or to facilitate the recovery of the vehicle after it has been stolen, the warranty holder shall be paid specified incidental costs by the warrantor as a result of the failure of the vehicle protection product to perform pursuant to the terms of the warranty.

The term includes, but is not limited to, alarm systems, body part marking products, steering locks, window etch products, pedal and ignition locks, fuel and ignition kill switches and electronic, radio and satellite tracking devices. The term does not include a vehicle protection device, system or service that is installed on or applied to a vehicle by the vehicle manufacturer at the vehicle assembly facility.

"Vehicle protection product warrantor" or "warrantor" means a person who is contractually obligated to the warranty holder under the terms of the vehicle protection product warranty. Warrantor does not include a licensed insurer.

"Vehicle protection product warranty" or "warranty" means an agreement that is limited to indemnifying the warranty holder for incidental costs, which may be reimbursed under the provisions of the agreement in either a fixed amount specified in the agreement or by the use of a formula itemizing specific incidental costs incurred by the warranty holder. A "vehicle protection product warranty" is not a contract for insurance.

"Warranty holder" means a person who has purchased a vehicle protection product and has entered into a contractual agreement with a vehicle protection product warrantor that obligates the warrantor to perform under the terms of the vehicle protection product warranty.

"Warranty reimbursement insurance policy" means a policy of insurance issued to a vehicle protection product warrantor to provide reimbursement to the warrantor for payments made under the terms of the insured warrantor's vehicle protection product warranty, and to pay on behalf of the warrantor, in the event of the warrantor's nonperformance, all covered obligations incurred by the warrantor under the terms of the warrantor's vehicle protection product warranty.

#### 13:45A-30.3 Registration and renewal requirements

(a) No person shall operate as, or represent or advertise to the public, that the person is a warrantor of vehicle protection products sold or offered for sale in this State unless the person is registered with the Division of Consumer Affairs pursuant to the rules in this subchapter.

(b) An applicant for registration as a warrantor of vehicle protection products shall submit the following to the Division:

1. A completed application for registration, which shall contain:

- i. The warrantor's name and any assumed name under which the warrantor does business in the State;
- ii. The warrantor's principal office street address and telephone number;

[page=2494] iii. The name, address and telephone number of all administrators designated by the warrantor to be responsible for the administration of vehicle protection product warranties in this State;

iv. The name, address and telephone number of the insurance company providing the warranty reimbursement insurance policy coverage;

v. A certification by the applicant for registration that the applicant is covered by a warranty reimbursement insurance policy issued by a licensed insurer in accordance with N.J.S.A. 17:17-1 that has filed a complete rating system of rates, rules and forms in accordance with N.J.S.A. 17:29A-7 with the Department of Banking and Insurance at least 30 days prior to the date of application and that the insurer has not been notified by the Department of Banking and Insurance that the filing was disapproved, and that the warranty reimbursement insurance policy meets the requirements of N.J.A.C. 13:45A-30.5; and

vi. The name and address of a designated agent in the State for service of process;

2. A copy of the applicant's warranty reimbursement insurance policy, which shall comply with the requirements of N.J.A.C. 13:45A-30.5;

3. A copy of the form of warranties issued by the warrantor for sale in this State, which shall comply with the requirements of N.J.A.C. 13:45A-30.4; and

4. A registration fee, as set forth at N.J.A.C. 13:45A-30.9.

(c) A registration issued under this section shall be renewed annually. Applicants for registration renewal shall submit a renewal application containing the information specified in (b) above and the renewal fee set forth at N.J.A.C. 13:45A-30.9.

(d) Falsification of any information on the registration or renewal application may result in the denial of registration or the suspension or revocation of registration and the assessment of penalties pursuant to the Consumer Fraud Act, N.J.S.A. 56:8-1 et seq.

(e) A registrant shall notify the Division within 30 days of any changes in the information originally submitted as part of the application for registration. An applicant shall file with the Division revised copies of the registrant's form of warranties or warranty reimbursement insurance policy within 30 days of any changes to the documents.

(f) The information submitted as part of the registration and renewal applications shall be made available to the public.

13:45A-30.4 Vehicle protection product warranty requirements

(a) A vehicle protection product warranty sold or offered for sale in this State shall:

1. Identify the warrantor, the seller, the warranty holder and the terms of the sale;

2. Conspicuously and in plain language, as defined in N.J.S.A. 56:12-1 et seq., state in writing:

i. The obligations of the warrantor to the warranty holder, including the incidental costs, which may be reimbursed under the provisions of the agreement in either a fixed amount specified in the agreement or by the use of a formula itemizing specific incidental costs incurred by the warranty holder, any limitations under the warranty, and state that those obligations are guaranteed under a warranty reimbursement insurance policy;

ii. The process that shall be followed by the warranty holder in order to make a claim under the warranty, including what evidence will be required to establish proof of loss under the warranty and the name, address and telephone number of the warranty administrator, if applicable;

iii. That if the payment due under the terms of the warranty is not provided by the warrantor within 60 days after proof

of loss has been filed pursuant to the terms of the warranty by the warranty holder, the warranty holder may file directly with the warranty reimbursement insurance company for reimbursement;

iv. The name and address of the company issuing the warranty reimbursement insurance policy and, if different, the complete address at which a claim may be filed;

v. The process that shall be followed by the warranty holder in order to make a claim under the reimbursement insurance policy;

vi. That questions about the warranty may be directed to the Division, and shall include the Division address, phone number and website as 124 Halsey Street, Newark, New Jersey 07101, (973) 504-6200, [www.njconsumeraffairs.gov](http://www.njconsumeraffairs.gov); and

vii. That questions about the warranty reimbursement insurance policy may be directed to the Department of Banking and Insurance, and shall include the Department's address, phone number and website as 20 West State Street, PO Box 325, Trenton, NJ 08625, (800) 446-7467, [www.state.nj.us/dobi/index.html](http://www.state.nj.us/dobi/index.html).

(b) A warranty that meets the requirements set forth in this subchapter shall not constitute insurance. Such warranty shall contain a written disclosure that reads substantially as follows: "THIS AGREEMENT IS A PRODUCT WARRANTY, NOT INSURANCE, AND IS UNDER THE PURVIEW OF THE DIVISION OF CONSUMER AFFAIRS." The disclosure statement shall be in 10-point bold face type.

(c) The warrantor or seller of vehicle protection products shall ensure that a written copy of the warranty is made available to consumers prior to purchase, at the point of sale.

#### 13:45A-30.5 Warranty reimbursement insurance policy requirements for registration of warrantors

(a) A vehicle protection product warranty reimbursement insurance policy filed by a warrantor pursuant to N.J.A.C. 13:45A-30.3(b)2 shall meet the following requirements:

1. The vehicle protection product warranty reimbursement insurance policy shall be submitted to the Department of Banking and Insurance at least 30 days prior to becoming effective in accordance with N.J.S.A. 17:29AA-6;

2. The vehicle protection product warranty reimbursement insurance policy shall be on an occurrence basis;

3. The vehicle protection product warranty reimbursement insurance policy form shall specify that coverage is being provided for the Vehicle Protection Warranty Insurance Reimbursement Program;

4. The vehicle protection product warranty reimbursement insurance policy shall provide reimbursement for or pay on behalf of the warrantor all incidental costs as specified in N.J.S.A. 17:18-19 or provide the service that the warrantor is legally obligated to perform in accordance with the warrantor's contractual obligations under the warranty, as specified in N.J.S.A. 17:18-22;

5. The vehicle protection product warranty reimbursement insurance policy form shall specify that reimbursement or service required by the warranty shall be paid by the insurer directly to the warranty holder if payment is not made by the warrantor within 60 days after proof of loss has been filed;

6. A copy of the vehicle protection product warranty shall be provided with the filing submission to the Department of Banking and Insurance;

7. Cancellation and non-renewal provisions of the policy shall comply with N.J.A.C. 11:1-20; and

8. Any revisions to the vehicle protection product warranty reimbursement insurance policy shall be filed with the Department of Banking and Insurance in accordance with N.J.S.A. 17:29AA-5 and 6.

(b) Upon receipt of a notice of cancellation or non-renewal of the vehicle protection product warranty reimbursement

insurance policy, the warrantor shall immediately send the Director a copy of such notice.

#### 13:45A-30.6 Registration exemptions

An administrator or person who sells or solicits a sale of a vehicle protection product, but who is not a warrantor, shall not be required to register as a warrantor under this subchapter in order to act as an administrator of vehicle protection product warranties or to sell vehicle protection products. Consistent with N.J.A.C. 13:45A-30.4(c), however, the seller of vehicle protection products shall ensure that a written copy of the warranty is made available to consumers prior to purchase, at the point of sale.

#### 13:45A-30.7 Unlawful practices

(a) It shall be an unlawful practice for a person to sell, or offer for sale, a vehicle protection product in this State with a warranty issued by a warrantor that is not registered with the Division pursuant to this subchapter.

(b) It shall be an unlawful practice for a person who is not registered pursuant to this subchapter to offer or issue a vehicle protection product warranty in this State.

(c) It shall be an unlawful practice for a warrantor or seller of vehicle protection products to require a retail purchaser of a motor vehicle to purchase a vehicle protection product that is not installed on the motor vehicle at the time of sale as a condition of sale or financing.

#### 13:45A-30.8 Violations

Any violations of the rules in this subchapter shall be deemed a violation of the Consumer Fraud Act and may subject a person to the assessment of penalties pursuant to N.J.S.A. 56:8-1 et seq.

#### 13:45A-30.9 Fees

(a) The Division shall charge the following non-refundable vehicle protection product warrantor registration fees:

1. Initial registration fee. . . . . \$ 1,000;
2. Renewal registration fee. . . . . \$ 1,000.