

**Effective 5/10/2016**

**31A-6a-104 Required disclosures.**

- (1) A service contract reimbursement insurance policy insuring a service contract or a vehicle protection product warranty that is issued, sold, or offered for sale in this state shall conspicuously state that, upon failure of the service contract provider or warrantor to perform under the contract, the issuer of the policy shall:
  - (a) pay on behalf of the service contract provider or warrantor any sums the service contract provider or warrantor is legally obligated to pay according to the service contract provider's or warrantor's contractual obligations under the service contract or a vehicle protection product warranty issued or sold by the service contract provider or warrantor; or
  - (b) provide the service which the service contract provider is legally obligated to perform, according to the service contract provider's contractual obligations under the service contract issued or sold by the service contract provider.
- (2)
  - (a) A service contract may not be issued, sold, or offered for sale in this state unless the service contract contains the following statements in substantially the following form:
    - (i) "Obligations of the provider under this service contract are guaranteed under a service contract reimbursement insurance policy. Should the provider fail to pay or provide service on any claim within 60 days after proof of loss has been filed, the contract holder is entitled to make a claim directly against the Insurance Company."; and
    - (ii) "This service contract or warranty is subject to limited regulation by the Utah Insurance Department. To file a complaint, contact the Utah Insurance Department."
    - (iii) A service contract or reimbursement insurance policy may not be issued, sold, or offered for sale in this state unless the contract contains a statement in substantially the following form, "Coverage afforded under this contract is not guaranteed by the Property and Casualty Guaranty Association."
  - (b) A vehicle protection product warranty may not be issued, sold, or offered for sale in this state unless the vehicle protection product warranty contains the following statements in substantially the following form:
    - (i) "Obligations of the warrantor under this vehicle protection product warranty are guaranteed under a reimbursement insurance policy. Should the warrantor fail to pay on any claim within 60 days after proof of loss has been filed, the warranty holder is entitled to make a claim directly against the Insurance Company."; and
    - (ii) "This vehicle protection product warranty is subject to limited regulation by the Utah Insurance Department. To file a complaint, contact the Utah Insurance Department."
  - (c) A vehicle protection product warranty, or reimbursement insurance policy, may not be issued, sold, or offered for sale in this state unless the warranty contains a statement in substantially the following form, "Coverage afforded under this warranty is not guaranteed by the Property and Casualty Guaranty Association."
- (3) A service contract and a vehicle protection product warranty shall:
  - (a) conspicuously state the name, address, and a toll free claims service telephone number of the reimbursement insurer;
  - (b)
    - (i) identify the service contract provider, the seller, and the service contract holder; or
    - (ii) identify the warrantor, the seller, and the warranty holder;
  - (c) conspicuously state the total purchase price and the terms under which the service contract or warranty is to be paid;
  - (d) conspicuously state the existence of any deductible amount;

- (e) specify the merchandise, service to be provided, and any limitation, exception, or exclusion;
  - (f) state a term, restriction, or condition governing the transferability of the service contract or warranty; and
  - (g) state a term, restriction, or condition that governs cancellation of the service contract as provided in Sections 31A-21-303 through 31A-21-305 by either the contract holder or service contract provider.
- (4) If prior approval of repair work is required, a service contract shall conspicuously state the procedure for obtaining prior approval and for making a claim, including:
- (a) a toll free telephone number for claim service; and
  - (b) a procedure for obtaining reimbursement for emergency repairs performed outside of normal business hours.
- (5) A preexisting condition clause in a service contract shall specifically state which preexisting condition is excluded from coverage.
- (6)
- (a) Except as provided in Subsection (6)(c), a service contract shall state the conditions upon which the use of a nonmanufacturers' part is allowed.
  - (b) A condition described in Subsection (6)(a) shall comply with applicable state and federal laws.
  - (c) This Subsection (6) does not apply to a home warranty contract.
- (7) This section applies to a vehicle protection product warranty, except for the requirements of Subsections (3)(d) and (g), (4), (5), and (6). The department may make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to implement the application of this section to a vehicle protection product warranty.
- (8) A vehicle protection product warranty shall contain a conspicuous statement in substantially the following form: "Purchase of this product is optional and is not required in order to finance, lease, or purchase a motor vehicle."

Amended by Chapter 138, 2016 General Session