

AMENDMENTS TO LB 1054

Introduced by Banking, Commerce and Insurance

1 1. Strike the original sections and insert the following
2 new sections:

3 Section 1. Section 44-3521, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 44-3521 For purposes of the Motor Vehicle Service
6 Contract Reimbursement Insurance Act:

7 (1) Director means the Director of Insurance;

8 (2) Incidental costs means expenses specified in a motor
9 vehicle service contract that are incurred by the service contract
10 holder due to the failure of a vehicle protection product to
11 perform as provided in the contract. Incidental costs include, but
12 are not limited to, insurance policy deductibles, rental vehicle
13 charges, the difference between the actual value of the stolen
14 vehicle at the time of theft and the cost of a replacement vehicle,
15 sales taxes, registration fees, transaction fees, and mechanical
16 inspection fees. Incidental costs may be reimbursed in either
17 a fixed amount specified in the motor vehicle service contract
18 or sales agreement or by use of a formula itemizing specific
19 incidental costs incurred by the service contract holder;

20 ~~(2)~~ (3) Mechanical breakdown insurance means a policy,
21 contract, or agreement that undertakes to perform or provide repair
22 or replacement service, or indemnification for such service, for
23 the operational or structural failure of a motor vehicle due to

1 defect in materials or workmanship or normal wear and tear and that
2 is issued by an insurance company authorized to do business in this
3 state;

4 ~~(3)~~ (4) Motor vehicle means any motor vehicle as defined
5 in section 60-339;

6 ~~(4)~~ (5) (a) Motor vehicle service contract means a
7 contract or agreement given for consideration over and above
8 the lease or purchase price of a motor vehicle that undertakes
9 to perform or provide repair or replacement service, or
10 indemnification for such service, for the operational or structural
11 failure of a motor vehicle due to defect in materials or
12 workmanship or normal wear and tear but does not include mechanical
13 breakdown insurance_+;

14 (b) Motor vehicle service contract also includes a
15 contract or agreement that is effective for a specified duration
16 and paid for by means other than the purchase of a motor vehicle to
17 perform any one or more of the following:

18 (i) The repair or replacement of tires or wheels on a
19 motor vehicle damaged as a result of coming into contact with road
20 hazards;

21 (ii) The removal of dents, dings, or creases on a motor
22 vehicle that can be repaired using the process of paintless dent
23 removal without affecting the existing paint finish and without
24 replacing vehicle body panels, sanding, bonding, or painting;

25 (iii) The repair of chips or cracks in or replacement
26 of motor vehicle windshields as a result of damage caused by road
27 hazards;

1 (iv) The replacement of a motor vehicle key or keyfob in
2 the event the key or keyfob becomes inoperable or is lost;

3 (v) The payment of specified incidental costs as the
4 result of a failure of a vehicle protection product to perform as
5 specified; and

6 (vi) Other products and services approved by the
7 director;

8 ~~(5)~~ (6) Motor vehicle service contract provider means a
9 person who issues, makes, provides, sells, or offers to sell a
10 motor vehicle service contract, except that motor vehicle service
11 contract provider does not include an insurer as defined in section
12 44-103;

13 ~~(6)~~ (7) Motor vehicle service contract reimbursement
14 insurance policy means a policy of insurance meeting the
15 requirements in section 44-3523 that provides coverage for all
16 obligations and liabilities incurred by a motor vehicle service
17 contract provider under the terms of motor vehicle service
18 contracts issued by the provider; and

19 (8) Road hazards means hazards that are encountered
20 during normal driving conditions, including, but not limited to,
21 potholes, rocks, wood debris, metal parts, glass, plastic, curbs,
22 or composite scraps;

23 ~~(7)~~ (9) Service contract holder means a person who
24 purchases a motor vehicle service contract; and-

25 (10) (a) Vehicle protection product means a vehicle
26 protection device, system, or service that:

27 (i) Is installed on or applied to a vehicle;

1 (ii) Is designed to prevent loss or damage to a vehicle
2 from a specific cause; and

3 (iii) Includes a written warranty.

4 (b) Vehicle protection product includes, but is not
5 limited to, chemical additives, alarm systems, body part marking
6 products, steering locks, window etch products, pedal and ignition
7 locks, fuel and ignition kill switches, and electronic, radio, and
8 satellite tracking devices.

9 Sec. 2. Section 44-3526, Reissue Revised Statutes of
10 Nebraska, is amended to read:

11 44-3526 The Motor Vehicle Service Contract Reimbursement
12 Insurance Act shall not apply to:

13 (1) Motor ~~meter~~ vehicle service contracts ~~(1)(a)~~ (a) (i)
14 issued by a motor vehicle manufacturer or importer for the motor
15 vehicles manufactured or imported by that manufacturer or importer
16 and ~~(b)~~ (ii) sold by a franchised motor vehicle dealer licensed
17 pursuant to the Motor Vehicle Industry Regulation Act or ~~(2)~~
18 (b) issued and sold directly by a motor vehicle manufacturer or
19 importer licensed pursuant to the Motor Vehicle Industry Regulation
20 Act for the motor vehicles manufactured or imported by that
21 manufacturer or importer; or-

22 (2) Product warranties governed by the Magnuson-Moss
23 Warranty - Federal Trade Commission Improvement Act, 15 U.S.C.
24 2301 et seq., or to any other warranties, indemnity agreement, or
25 guarantees that are not provided incidental to the purchase of a
26 vehicle protection product.

27 Sec. 3. Original sections 44-3521 and 44-3526, Reissue

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- 1 Revised Statutes of Nebraska, are repealed.