

[Second Reprint]

SENATE, No. 902

STATE OF NEW JERSEY
220th LEGISLATURE

INTRODUCED JANUARY 27, 2022

Sponsored by:

Senator NELLIE POU

District 35 (Bergen and Passaic)

Co-Sponsored by:

Senator Greenstein

SYNOPSIS

Imposes certain consumer protection requirements on service contract providers.

CURRENT VERSION OF TEXT

As reported by the Assembly Consumer Affairs Committee on May 9, 2022, with amendments.



(Sponsorship Updated As Of: 3/3/2022)

1 AN ACT concerning service contracts and amending and
2 supplementing P.L.2013, c.197.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 1 of P.L.2013, c.197 (C.56:12-87) is amended to
8 read as follows:

9 1. As used in this act:

10 "Administrator" means a person who performs the third-party
11 administration of a service contract, pursuant to the provisions of
12 section 5 of **[this act]** P.L.2013, c.197 (C.56:12-91), on behalf of a
13 provider.

14 "Consumer" means a natural person who buys other than for
15 purposes of resale any property that is distributed in commerce and
16 that is normally used for personal, family, or household purposes
17 and not for business or research purposes.

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

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

22 "Emergency, life safety, or property safety goods" means any
23 goods provided for installation in, as part of, or for addition to, a
24 system designed to prevent, respond to, alert regarding, suppress,
25 control, or extinguish an emergency or the cause of an emergency,
26 or assist evacuation in the event of an emergency, which emergency
27 could threaten life or property. Examples of these systems include
28 fire alarm, fire sprinkler, fire suppression, fire extinguisher,
29 security, gas detection, intrusion detection, access control, video
30 surveillance and recording, mass notification, public address,
31 emergency lighting, patient wandering, infant tagging, and nurse
32 call.

33 "Leased motor vehicle excess wear and use protection" means
34 the repair, replacement, or maintenance of property, or
35 indemnification for repair, replacement, or maintenance, due to
36 excess wear and use, damage for items such as tires, paint cracks or
37 chips, interior stains, rips or scratches, exterior dents or scratches,
38 windshield cracks or chips, missing interior or exterior parts or
39 excess mileage that results in a lease-end charge, or any other
40 charge for damage that is deemed as excess wear and use by a
41 lessor under a motor vehicle lease.

42 "Maintenance agreement" means a contract of limited duration
43 that provides for scheduled maintenance only, and does not include
44 repair or replacement of the property subject to the contract.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹**Senate SCM committee amendments adopted February 10, 2022.**

²**Assembly ACO committee amendments adopted May 9, 2022.**

1 "Motor vehicle ancillary protection product" means a contract or
2 agreement between a provider and a consumer for a specific
3 duration, for a provider fee or other separately stated consideration,
4 to perform one or more of the following with respect to a motor
5 vehicle:

6 (1) the repair or replacement of tires or wheels on a motor
7 vehicle damaged as a result of coming into contact with road
8 hazards including but not limited to potholes, rocks, wood debris,
9 metal parts, glass, plastic, curbs, or composite scraps;

10 (2) the removal of dents, dings, or creases on a motor vehicle
11 that can be repaired using the process of paintless dent removal
12 without affecting the existing paint finish and without replacing
13 vehicle body panels, sanding, bonding, or painting;

14 (3) the repair of small motor vehicle windshield chips or cracks
15 which may include replacement of the windshield for chips or
16 cracks that cannot be repaired;

17 (4) the replacement of a motor vehicle key or key-fob in the
18 event that the key or key-fob becomes inoperable or is lost or
19 stolen;

20 (5) leased motor vehicle excess wear and use protection; or

21 (6) other services which may be approved by the director, that
22 are consistent with the provisions of P.L.2013, c.197 (C.56:12-87 et
23 seq.).

24 "Non-original manufacturer's part" means a replacement part not
25 made for or by the original manufacturer of the property, commonly
26 referred to as an "after market part."

27 "Person" means any natural person, company, corporation,
28 association, society, firm, partnership, or other similar legal entity.

29 "Premium" means the consideration paid to an insurer for a
30 reimbursement insurance policy, and is subject to any applicable
31 premium tax.

32 "Provider" means a person who is contractually obligated to the
33 service contract holder under the terms of the service contract¹,
34 and an administrator¹.

35 "Provider fee" means the consideration paid by a consumer for a
36 service contract, and is not subject to any premium tax.

37 "Public utility" means a public utility as defined in subsection a.
38 of R.S.48:2-13.

39 "Reimbursement insurance policy" means a policy of insurance
40 issued to a ¹【provider】 regulated entity¹ to either provide
41 reimbursement to, or payment on behalf of, the ¹【provider】
42 regulated entity¹ under the terms of the insured service contracts
43 issued or sold by the ¹【provider】 regulated entity¹, or, in the event
44 of the ¹【provider's】¹ non-performance ¹of a regulated entity¹, to
45 provide or pay for, on behalf of the ¹【provider】 regulated entity¹,
46 all covered contractual obligations incurred by the ¹【provider】
47 regulated entity¹.

1 ¹“Regulated entity” means a provider or an administrator.¹

2 "Service contract" means a contract or agreement between a
3 provider and a consumer for any duration, for a provider fee or
4 other separately stated consideration, to perform, or to provide
5 indemnification for the performance of, the maintenance, repair,
6 replacement, or service of property for the operational or structural
7 failure of the property due to a defect in materials or workmanship
8 or due to normal wear and tear, and which may include additional
9 provisions for incidental payment of indemnity under limited
10 circumstances. In the case of a motor vehicle, such circumstances
11 may include towing, rental, and emergency road services, and other
12 road hazard protections. A service contract may provide for the
13 maintenance, repair, replacement, or service of the property for
14 damage resulting from power surges or interruption, or accidental
15 damage from handling. A service contract also includes a motor
16 vehicle ancillary protection product. Service contracts may provide
17 for leak or repair coverage to house roofing systems. A "service
18 contract" does not include a contract in writing to maintain
19 structural wiring associated with the delivery of cable, telephone, or
20 other broadband communication services or a contract in writing
21 related to the delivery of satellite television or broadband
22 communication services.

23 "Service contract holder" or "contract holder" means a consumer
24 who is the purchaser of a service contract or is entitled to the
25 contractual benefits under the terms of the contract.

26 "Warranty" means a warranty made solely by the manufacturer,
27 importer, or seller of property or services without additional
28 consideration, that is incidental to, and not negotiated or separated
29 from, the sale of the property or services, that guarantees indemnity
30 for defective materials, parts, mechanical or electrical breakdown,
31 labor, or workmanship, or provides other remedial measures,
32 including repair or replacement of the property or repetition of
33 services.

34 (cf: P.L.2020, c.86, s.1)

35

36 ²[2. Section 3 of P.L.2013, c.197 (C.56:12-89) is amended to
37 read as follows:

38 3. A provider ¹or administrator¹ of service contracts issued,
39 offered for sale, ¹**[or]**¹ sold¹, or administered¹ in this State, shall
40 not use in its name, products, descriptions of products,
41 advertisements or any other materials the words "insurance,"
42 "casualty," "surety," "mutual" or any other word descriptive of the
43 insurance, casualty, or surety business, **[or]** and shall not use a
44 name deceptively similar to the name or description of any
45 insurance or surety corporation, or to the name of any other
46 ¹**[provider]** regulated entity¹ registered pursuant to section 4 of
47 **[this act, but may use the word "guaranty" or similar word]**

1 P.L.2013, c.197 (C.56:12-90) except that nothing in this section
2 shall prevent a provider ¹or administrator¹ of service contracts
3 issued, offered for sale, ¹[or]¹ sold¹, or administered¹ in this State,
4 from using the terms to indicate that service contracts do not
5 constitute insurance, guaranties, or warranties. A provider ¹or
6 administrator¹ of service contracts issued, offered for sale, ¹[or]¹
7 sold¹, or administered¹ in this State may use in its name, products,
8 descriptions of products, advertisements or any other materials the
9 words “guaranty” or “warranty,” but only if when using that term
10 the provider ¹or administrator¹ clearly and conspicuously discloses
11 that the service contract issued, offered for sale ¹[or]¹ sold¹, or
12 administered¹ is not in the nature of a guaranty or warranty as that
13 term is legally defined and commonly understood. Nothing in this
14 section shall prevent the use of the term “extended warranty” to
15 describe a product issued, offered for sale, ¹[or]¹ sold¹, or
16 administered¹ in this State if the product ¹[accurately] at a
17 minimum substantially¹ extends the ¹[identical]¹ coverages of an
18 original ¹[equipment manufacturer]¹ warranty and the provider ¹or
19 administrator¹ accurately sets forth the terms and source of the
20 original ¹[equipment manufacturer]¹ warranty upon which the
21 product is based ¹, clearly and conspicuously identifies any
22 deviations from the original warranty¹ and clearly and
23 conspicuously discloses that the product is a service contract
24 offered under P.L.2013, c.197 (C.56:12-87 et al.).
25 (cf: P.L.2013, c.197, s.3)]²
26

27 ²2. Section 3 of P.L.2013, c.197 (C.56:12-89) is amended to
28 read as follows:

29 3. A **[provider of]** regulated entity that provides or administers
30 service contracts **[issued, offered for sale, or sold]** in this State,
31 shall not use in its name, products, descriptions of products,
32 advertisements, or any other materials the words "insurance,"
33 "casualty," "surety," "mutual" or any other word descriptive of the
34 insurance, casualty, or surety business, **[or]** and shall not use a
35 name deceptively similar to the name or description of any
36 insurance or surety corporation, or to the name of any other
37 **[provider]** regulated entity registered pursuant to section 4 of **[this**
38 act, but may use the word "guaranty" or similar word] P.L.2013,
39 c.197 (C.56:12-90) except that nothing in this section shall prevent
40 a regulated entity that provides or administers service contracts in
41 this State, from using the terms to indicate that service contracts do
42 not constitute insurance, guaranties, warranties or extended
43 warranties. A regulated entity that provides or administers service
44 contracts in this State may use in its name, products, descriptions of
45 products, advertisements or any other materials the words
46 “guaranty” or “warranty,” but only if when using that term the

1 regulated entity clearly and conspicuously makes the following
2 disclosure: "The product being offered is a service contract and is
3 separate and distinct from any product or service warranty which
4 may be provided by the manufacturer, importer, or seller." A
5 regulated entity that provides or administers service contracts in this
6 State may use in its name, products, descriptions of products,
7 advertisements or any other materials the term "extended warranty,"
8 but only if when using that term the regulated entity clearly and
9 conspicuously makes the following disclosure: "The product being
10 offered is a service contract and is separate and distinct from any
11 product or service warranty which may be provided by the
12 manufacturer, importer, or seller, and does not extend the term of
13 any original product or service warranty that the manufacturer,
14 importer, or seller may have provided."²

15 (cf: P.L.2013, c.197, s.3)

16

17 ²[3. Section 4 of P.L.2013, c.197 (C.56:12-90) is amended to
18 read as follows:

19 4. a. A person shall not issue, offer to sell, ¹[or]¹ sell¹, or
20 administer¹ service contracts in this State unless the provider
21 complies with one or more of the following means of assuring
22 faithful performance to its contract holders:

23 (1) each service contract shall be insured under a
24 reimbursement insurance policy issued by an insurer licensed,
25 registered, or otherwise authorized to transact the business of
26 insurance in this State, and which complies with the provisions of
27 section 6 of **[this act]** P.L.2013, c.197 (C.56:12-92);

28 (2) a funded reserve account shall be established and maintained
29 for its obligations under each contract issued and outstanding in this
30 State, with reserves calculated at not less than 40% of gross
31 consideration received, then less the amount of claims paid under
32 those contracts. If those reserves fall below the minimum required,
33 the provider has 90 days to come into compliance without violating
34 this section. The reserve account shall be subject to examination
35 and review by the director pursuant to section 10 of **[this act]**
36 P.L.2013, c.197 (C.56:12-96); or

37 (3) alone or together with the provider's parent or other
38 affiliated corporation, the provider shall maintain a net worth or
39 stockholders' equity of not less than \$100,000,000. Upon request by
40 the director, the provider shall provide the director with a copy of
41 the provider's or its parent's or other affiliated corporation's most
42 recent Form 10-K or Form 20-F, or successor form containing
43 substantially the same information, filed with the Securities and
44 Exchange Commission within the last 12-month period, or if the
45 provider, or parent or other affiliated corporation, does not file this
46 form with the Securities and Exchange Commission, a copy of the
47 entity's audited financial statements, which show a net worth of the

1 provider, or parent or other affiliated corporation, of not less than
2 \$100,000,000. If the provider's parent's or other affiliated
3 corporation's form or financial statements are filed to meet the
4 provider's means of assuring faithful performance to its contract
5 holders, the parent or other affiliated corporation shall agree to
6 guarantee the obligations of the provider.

7 b. Except **for** with respect to a provider that complies with
8 paragraph (1) or (3) of subsection a. of this section or with respect
9 to an insurer that the Commissioner of Banking and Insurance has
10 determined meets financial solvency standards established under
11 Title 17 of the New Jersey Statutes, in addition to the requirements
12 set forth in subsection a. of this section, the provider shall **not** be
13 subject to any additional financial security requirements by the
14 director **maintain a bond, having a value of not less than five**
15 **percent of the gross consideration received per annum, less claims**
16 **paid, on the sale of the service contract for all service contracts**
17 **issued and in force, but not less than \$25,000, in order to issue,**
18 **offer, or sell service contracts in this State. The provider shall**
19 **name the division as a party on the bond, and shall notify the**
20 **division, in writing, in the event of the cancellation or non-renewal**
21 **of the bond.**

22 c. In addition to any applicable damages and penalties pursuant
23 to subsection a. of section 10 of P.L.2013, c.197 (C.56:12-96), a
24 person who **sells** provides or administers a service contract that is
25 not in compliance with P.L.2013, c.197 (C.56:12-87 et al.) or that is
26 issued by a provider that is not in compliance with P.L.2013, c.197
27 (C.56:12-87 et al.) shall be jointly and severally liable for all
28 covered contractual obligations arising under the terms of such
29 'non-compliant' contract or 'under the terms of' any service
30 contract **sold** issued at a time when the provider of the contract is
31 non-compliant.

32 ¹d. (1) A person shall not administer service contracts in this
33 State that do not meet the requirements of subsection a. of this
34 section.

35 (2) A person shall not administer service contracts in this State
36 unless that person complies with one or more of the means of
37 assuring faithful performance to its contract holders set forth in
38 subsection a. of this section or the means of assuring faithful
39 performance of a service contract set forth in subsection a. of this
40 section adopted by the provider of the service contract applied to
41 indemnify that person's conduct with respect to administering the
42 service contract.¹

43 (cf: P.L.2013, c.197, s.4)]²

44
45 ²3. Section 4 of P.L.2013, c.197 (C.56:12-90) is amended to
46 read as follows:

1 4. a. **[A]** Except as otherwise provided in subsection d. of this
2 section, a person shall not [issue, offer to sell, or sell] provide or
3 administer service contracts in this State unless the **[provider]**
4 person complies with one or more of the following means of
5 assuring faithful performance to its contract holders:

6 (1) each service contract shall be insured under a
7 reimbursement insurance policy issued by an insurer licensed,
8 registered, or otherwise authorized to transact the business of
9 insurance in this State, and which complies with the provisions of
10 section 6 of **[this act]** P.L.2013, c.197 (C.56:12-92);

11 (2) a funded reserve account shall be established and maintained
12 for its obligations under each contract issued and outstanding in this
13 State, with reserves calculated at not less than 40% of gross
14 consideration received, then less the amount of claims paid under
15 those contracts. If those reserves fall below the minimum required,
16 the provider has 90 days to come into compliance without violating
17 this section. The reserve account shall be subject to examination
18 and review by the director pursuant to section 10 of **[this act]**
19 P.L.2013, c.197 (C.56:12-96); or

20 (3) alone or together with the provider's parent or other
21 affiliated corporation, the provider shall maintain a net worth or
22 stockholders' equity of not less than \$100,000,000. Upon request by
23 the director, the provider shall provide the director with a copy of
24 the provider's or its parent's or other affiliated corporation's most
25 recent Form 10-K or Form 20-F, or successor form containing
26 substantially the same information, filed with the Securities and
27 Exchange Commission within the last 12-month period, or if the
28 provider, or parent or other affiliated corporation, does not file this
29 form with the Securities and Exchange Commission, a copy of the
30 entity's audited financial statements, which show a net worth of the
31 provider, or parent or other affiliated corporation, of not less than
32 \$100,000,000. If the provider's parent's or other affiliated
33 corporation's form or financial statements are filed to meet the
34 provider's means of assuring faithful performance to its contract
35 holders, the parent or other affiliated corporation shall agree to
36 guarantee the obligations of the provider.

37 b. **[Except for]** Except with respect to a provider that complies
38 with paragraph (1) or (3) of subsection a. of this section or with
39 respect to an insurer that the Commissioner of Banking and
40 Insurance has determined meets financial solvency standards
41 established under Title 17 of the New Jersey Statutes, in addition to
42 the requirements set forth in subsection a. of this section, the
43 provider shall [not be subject to any additional financial security
44 requirements by the director] maintain a bond, having a value of
45 not less than five percent of the gross consideration received per
46 annum, less claims paid, on the sale of the service contract for all
47 service contracts issued and in force, but not less than \$25,000, in

1 order to **[issue, offer, or sell]** provide service contracts in this State.
2 The provider shall name the division as a party on the bond, and
3 shall notify the division, in writing, in the event of the cancellation
4 or non-renewal of the bond.

5 c. In addition to any applicable damages and penalties pursuant
6 to subsection a. of section 10 of P.L.2013, c.197 (C.56:12-96), a
7 person who **[sells]** provides or administers a service contract that is
8 not in compliance with P.L.2013, c.197 (C.56:12-87 et al.) or that is
9 issued by a provider that is not in compliance with P.L.2013, c.197
10 (C.56:12-87 et al.) shall be jointly and severally liable for all
11 covered contractual obligations arising under the terms of such non-
12 compliant contract or under the terms of any service contract **[sold]**
13 issued at a time when the provider of the contract is non-compliant.

14 d. A person who administers service contracts in this State is
15 required to comply with one or more means of assuring faithful
16 performance as set forth in paragraph (1) through (3) of subsection
17 a. of this section; or the means of assuring faithful performance of a
18 service contract set forth in subsection a. of this section adopted by
19 the provider of the service contract shall apply to indemnify that
20 person's conduct with respect to administering the service
21 contract.²

22 (cf: P.L.2013, c.197, s.4)

23

24 ²[4. (New section) A ¹**[provider]** regulated entity¹ shall disclose,
25 in a manner and form prescribed by the director the following:

26 ¹**[4]**¹ a. the identities of all of the principals of the ¹**[provider]**
27 regulated entity¹ that ¹issue, offer for sale,¹ sell or ¹**[provide]**
28 administer¹ service contracts in the United States; ¹**[and]**¹

29 b. information regarding any litigation or enforcement matters
30 concerning service contracts filed or prosecuted during the prior
31 five years in which a principal identified in subsection a. of this
32 section was named or involved; and

33 c. information concerning the provider's business operations,
34 which shall include the total amounts collected in providers fees
35 and the total amounts paid out in claims or charges for services
36 provided under the contract. **]**²

37

38 ²4. (New section) A regulated entity shall disclose, in a manner
39 and form prescribed by the director the following:

40 a. the identities of all of the principals of the regulated entity
41 and, if applicable, of any parent company or other affiliated entity
42 that provides or administers service contracts in the United States;

43 b. information regarding any litigation or enforcement matters
44 concerning service contracts filed or prosecuted during the prior
45 five years in which a principal identified in subsection a. of this
46 section was named or involved; and

1 c. information concerning the regulated entity's business
2 operations, which shall include the total amounts collected in
3 provider's fees and the total amounts paid out in claims or charges
4 for services provided under the contract.²

5
6 5. (New section) a. A service contract that is not offered by a
7 public utility but which is advertised by any entity, including an
8 entity affiliated with a public utility, using a public utility's trade
9 name, or other identifying information, shall not qualify as exempt
10 pursuant to section 2 of P.L.2013, c.197, s.2 (C.56:12-88).

11 b. An advertisement for a service contract that is offered by an
12 entity other than a public utility in a manner that uses a public
13 utility's trade name or other identifying information²**[,]² shall
14 clearly and prominently disclose:**

15 (1) that the service contract is not being offered by the public
16 utility but by a third party entity that is not part of the public utility,
17 and that an entity other than the public utility will be responsible for
18 performing the services advertised;

19 (2) the name of the provider that offers the service contract
20 and, if applicable, the name of the administrator¹;

21 (3) the provider's contact information and, if applicable, ²[the
22 name of]² the administrator's contact information¹;

23 (4) that the communication is an advertisement; and

24 (5) if applicable, that the billing for the ¹**[provider's]**¹ services
25 to be provided¹ will be conducted through a public utility and that
26 the public utility is an entity other than the provider.

27 ¹c. Nothing in this act shall be construed to impose liability on
28 news media for accepting or publishing advertising that may fall
29 within the scope of this section.¹

30
31 ²**[6.** (New section) a. No ¹**[provider]** person¹ shall issue,
32 ¹**[sell, or]**¹ offer to sell¹, sell, or administer¹ a service contract in
33 this State, unless the ¹**[provider]** person¹ has registered with the
34 division.

35 b. The registration application and renewal shall be on a form
36 provided by the division and shall:

37 (1) disclose the address, ownership, and nature of business of
38 the ¹**[provider]** regulated entity¹;

39 (2) be renewed annually on July 1 or other date established by
40 the director; and

41 (3) be accompanied by a fee of \$300 per registration and annual
42 renewal.

43 c. A registration application or registration renewal shall not be
44 considered filed until all required information and fees are received
45 by the division.

46 d. Any ¹**[provider]** regulated entity¹ that fails to register prior
47 to the sale of a service contract shall pay a late filing fee of \$100 for

1 each 30-day period, or portion thereof, that the registration is late.
2 A **‘[provider] regulated entity’**¹ that fails to timely renew its
3 registration shall pay a late fee of \$50 for each 30-day period, or
4 portion thereof, that the annual renewal filing fee is late. The late
5 fees authorized by this subsection shall be in addition to all other
6 penalties authorized by law, including civil penalties for the sale of
7 any service contract while unregistered.

8 e. The director may refuse to issue or renew, and may revoke
9 or suspend, any registration for failure to comply with, or violation
10 of, the provisions of P.L. c. (C.) (pending before the
11 Legislature as this bill) or any regulation promulgated pursuant
12 thereto, or the provisions of P.L.1960, c.39 (C.56:8-1 et seq.). A
13 refusal, revocation, or suspension shall not be made except upon
14 reasonable notice to, and opportunity to be heard by the applicant
15 registrant.】²

16

17 ²6. (New section) a. A person shall not provide or administer a
18 service contract in this State, unless the person has registered with
19 the division.

20 b. The registration application and renewal shall be on a form
21 provided by the division and shall:

22 (1) disclose the address, ownership, and nature of business of
23 the regulated entity;

24 (2) be renewed annually on July 1 or other date established by
25 the director; and

26 (3) be accompanied by a fee of \$300 per registration and annual
27 renewal.

28 c. A registration application or registration renewal shall not be
29 considered filed until all required information and fees are received
30 by the division.

31 d. Any regulated entity that fails to register prior to the sale of
32 a service contract shall pay a late filing fee of \$100 for each 30-day
33 period, or portion thereof, that the registration is late. A regulated
34 entity that fails to timely renew its registration shall pay a late fee
35 of \$50 for each 30-day period, or portion thereof, that the annual
36 renewal filing fee is late. The late fees authorized by this
37 subsection shall be in addition to all other penalties authorized by
38 law, including civil penalties for the sale of any service contract
39 while unregistered.

40 e. The director may refuse to issue or renew, and may revoke
41 or suspend, any registration for failure to comply with, or violation
42 of, the provisions of P.L. c. (C.) (pending before the
43 Legislature as this bill) or any regulation promulgated pursuant
44 thereto, or the provisions of P.L.1960, c.39 (C.56:8-1 et seq.). A
45 refusal, revocation, or suspension shall not be made except upon
46 reasonable notice to, and opportunity to be heard, by the applicant
47 registrant.²

1 7. (New section) The division may publish any non-
2 confidential information regarding any ¹provider regulated
3 entity¹ registered, or required to be registered, under section 6 of
4 P.L. , c. (C.) (pending before the Legislature as this bill) on a
5 publicly accessible webpage operated by the division.

6
7 8. (New section) a. ²Any A² provider that ²sells or offers
8 to sell provides² any service to a consumer pursuant to a service
9 contract the term of which is a specified period of 12 months or
10 longer and that automatically renews for a specified period of more
11 than one month, unless the consumer cancels the contract, shall
12 provide the consumer with written or electronic notification of the
13 automatic renewal provision. Notification shall be provided to the
14 consumer not less than 30 days nor more than 60 days before the
15 cancellation deadline pursuant to the automatic renewal provision.
16 This notification shall disclose clearly and conspicuously:

17 (1) that unless the consumer cancels the contract^{2, 2} the contract
18 will automatically renew; and

19 (2) methods by which the consumer may obtain details of the
20 automatic renewal provision and cancellation procedure, whether by
21 contacting the provider at a specified telephone number or address,
22 by referring to the contract, or by any other method. ¹Such At a
23 minimum, such¹ methods shall include, for each consumer¹, at
24 least one] :

25 (a) an online method for the consumer to cancel the contract and
26 a mailing¹ address to which written cancellation requests may be
27 addressed¹, one phone] ; or

28 (b) a telephone¹ number that ¹consumers the consumer¹ may
29 call to cancel¹ , and one online method of cancellation] the
30 contract¹.

31 b. As part of the provider's routine business practice, where the
32 business has failed for any reason to comply with the provisions of
33 this section, the contract holder may cancel the contract and receive
34 the unearned portion of the contract subject to the automatic
35 renewal provision ²less the amount of claims paid during that
36 automatic renewal period², which amount shall be refunded as of
37 the date on which the provider is notified of the error.

38 c. The provider shall provide written or electronic notification
39 to the consumer not less than 30 days nor more than 60 days before
40 any change in the procedures required of the consumer to cancel the
41 automatic renewal provision.

42 d. All cancellation requests ²will are required to² be
43 acknowledged within five business days of receipt and honored
44 within 10 business days of receipt, and applied as of the date of
45 receipt or, if permitted by the service contract, applied at the end of
46 the holder's monthly billing cycle. ²If a cancellation request is

1 honored within five business days of receipt, the acknowledgement
2 requirement of this subsection shall be deemed to have been
3 satisfied.²

4 e. Nothing in this section shall be construed to prevent a
5 contract holder from recovering on a claim that would be valid and
6 covered had the ¹**[provider]** regulated entity¹ acted in compliance
7 with P.L., c. (C.) (pending before the Legislature as this bill).

8
9 9. (New section) The Director of the Division of Consumer
10 Affairs in the Department of Law and Public Safety may
11 promulgate rules and regulations, pursuant to the “Administrative
12 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to
13 effectuate the purposes of P.L. , (C.) (pending before the
14 Legislature as this bill).

15
16 10. This act shall take effect on the first day of the ²**[ninth]**
17 twelfth² month following enactment.