

[Third Reprint]

**SENATE, No. 902**

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**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

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INTRODUCED JANUARY 27, 2022

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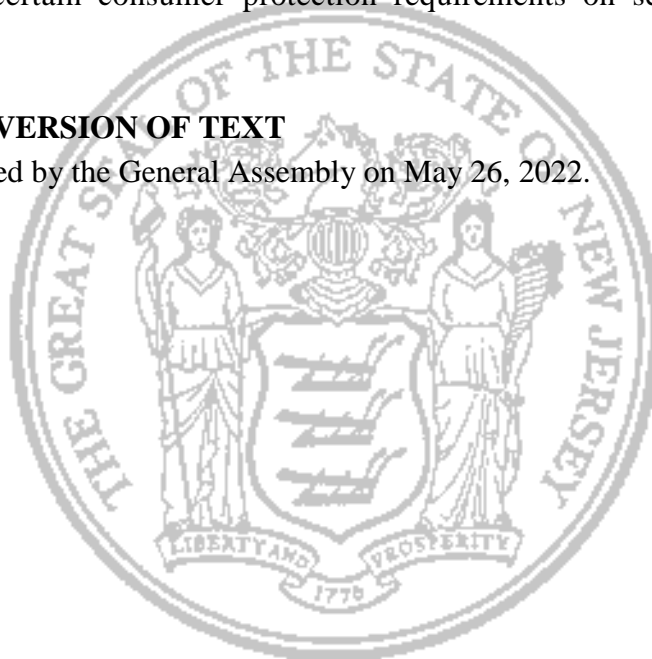
**Senator Greenstein**

**SYNOPSIS**

Imposes certain consumer protection requirements on service contract providers.

**CURRENT VERSION OF TEXT**

As amended by the General Assembly on May 26, 2022.



**(Sponsorship Updated As Of: 6/16/2022)**

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:**

<sup>1</sup>Senate SCM committee amendments adopted February 10, 2022.

<sup>2</sup>Assembly ACO committee amendments adopted May 9, 2022.

<sup>3</sup>Assembly floor amendments adopted May 26, 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 contract<sup>1</sup>,  
34 and an administrator<sup>1</sup>.

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 <sup>1</sup>【provider】 regulated entity<sup>1</sup> to either provide  
41 reimbursement to, or payment on behalf of, the <sup>1</sup>【provider】  
42 regulated entity<sup>1</sup> under the terms of the insured service contracts  
43 issued or sold by the <sup>1</sup>【provider】 regulated entity<sup>1</sup>, or, in the event  
44 of the <sup>1</sup>【provider's】<sup>1</sup> non-performance <sup>1</sup>of a regulated entity<sup>1</sup>, to  
45 provide or pay for, on behalf of the <sup>1</sup>【provider】 regulated entity<sup>1</sup>,  
46 all covered contractual obligations incurred by the <sup>1</sup>【provider】  
47 regulated entity<sup>1</sup>.

1 <sup>1</sup>“Regulated entity” means a provider or an administrator.<sup>1</sup>

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

38 3. A provider <sup>1</sup>or administrator<sup>1</sup> of service contracts issued,  
39 offered for sale, <sup>1</sup>**[or]**<sup>1</sup> sold<sup>1</sup>, or administered<sup>1</sup> 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 <sup>1</sup>**[provider]** regulated entity<sup>1</sup> 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 <sup>1</sup>or administrator<sup>1</sup> of service contracts  
3 issued, offered for sale, <sup>1</sup>[or]<sup>1</sup> sold<sup>1</sup>, or administered<sup>1</sup> in this State,  
4 from using the terms to indicate that service contracts do not  
5 constitute insurance, guaranties, or warranties. A provider <sup>1</sup>or  
6 administrator<sup>1</sup> of service contracts issued, offered for sale, <sup>1</sup>[or]<sup>1</sup>  
7 sold<sup>1</sup>, or administered<sup>1</sup> 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 <sup>1</sup>or administrator<sup>1</sup> clearly and conspicuously discloses  
11 that the service contract issued, offered for sale <sup>1</sup>[or]<sup>1</sup> sold<sup>1</sup>, or  
12 administered<sup>1</sup> 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, <sup>1</sup>[or]<sup>1</sup> sold<sup>1</sup>, or  
16 administered<sup>1</sup> in this State if the product <sup>1</sup>[accurately] at a  
17 minimum substantially<sup>1</sup> extends the <sup>1</sup>[identical]<sup>1</sup> coverages of an  
18 original <sup>1</sup>[equipment manufacturer]<sup>1</sup> warranty and the provider <sup>1</sup>or  
19 administrator<sup>1</sup> accurately sets forth the terms and source of the  
20 original <sup>1</sup>[equipment manufacturer]<sup>1</sup> warranty upon which the  
21 product is based <sup>1</sup>, clearly and conspicuously identifies any  
22 deviations from the original warranty<sup>1</sup> 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)]<sup>2</sup>

26  
27 <sup>2</sup>2. 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 <sup>3</sup>**[words]** terms<sup>3</sup>

1 “guaranty” or “warranty,” but only if <sup>3</sup>【when using that term】<sup>3</sup> the  
 2 regulated entity clearly and conspicuously makes the following  
 3 disclosure <sup>3</sup>in any consumer contract or agreement, any product  
 4 description made available to a consumer, and any advertisements  
 5 and related materials in which that term is used<sup>3</sup> : “The product  
 6 being offered is a service contract and is separate and distinct from  
 7 any product or service warranty which may be provided by the  
 8 manufacturer, importer, or seller <sup>3</sup>,” or, if the service contract is in  
 9 the nature of a home warranty, “The product being offered is a  
 10 service contract and is separate and distinct from any product or  
 11 service warranty which may be provided by the home builder or  
 12 manufacturer<sup>3</sup>.” A regulated entity that provides or administers  
 13 service contracts in this State may use in its name, products,  
 14 descriptions of products, advertisements or any other materials the  
 15 term “extended warranty,” but only if <sup>3</sup>【when using that term】<sup>3</sup> the  
 16 regulated entity clearly and conspicuously makes the following  
 17 disclosure <sup>3</sup>in any consumer contract or agreement, any product  
 18 description made available to a consumer, and any advertisements  
 19 and related materials in which that term is used<sup>3</sup> : “The product  
 20 being offered is a service contract and is separate and distinct from  
 21 any product or service warranty which may be provided by the  
 22 manufacturer, importer, or seller, and does not extend the term of  
 23 any original product or service warranty that the manufacturer,  
 24 importer, or seller may have provided <sup>3</sup>,” or, if the service contract  
 25 is in the nature of an extended home warranty, “The product being  
 26 offered is a service contract and is separate and distinct from any  
 27 product or service warranty which may be provided by the home  
 28 builder or manufacturer, and does not extend the term of any  
 29 original product or service warranty that the manufacturer,  
 30 importer, or seller may have provided<sup>3</sup> .”<sup>2</sup>  
 31 (cf: P.L.2013, c.197, s.3)

32

33 <sup>2</sup>【3. Section 4 of P.L.2013, c.197 (C.56:12-90) is amended to  
 34 read as follows:

35 4. a. A person shall not issue, offer to sell, <sup>1</sup>【or】<sup>1</sup> sell<sup>1</sup>, or  
 36 administer<sup>1</sup> service contracts in this State unless the provider  
 37 complies with one or more of the following means of assuring  
 38 faithful performance to its contract holders:

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

44 (2) a funded reserve account shall be established and maintained  
 45 for its obligations under each contract issued and outstanding in this  
 46 State, with reserves calculated at not less than 40% of gross  
 47 consideration received, then less the amount of claims paid under

1 those contracts. If those reserves fall below the minimum required,  
2 the provider has 90 days to come into compliance without violating  
3 this section. The reserve account shall be subject to examination  
4 and review by the director pursuant to section 10 of **[this act]**  
5 P.L.2013, c.197 (C.56:12-96); or

6 (3) alone or together with the provider's parent or other  
7 affiliated corporation, the provider shall maintain a net worth or  
8 stockholders' equity of not less than \$100,000,000. Upon request by  
9 the director, the provider shall provide the director with a copy of  
10 the provider's or its parent's or other affiliated corporation's most  
11 recent Form 10-K or Form 20-F, or successor form containing  
12 substantially the same information, filed with the Securities and  
13 Exchange Commission within the last 12-month period, or if the  
14 provider, or parent or other affiliated corporation, does not file this  
15 form with the Securities and Exchange Commission, a copy of the  
16 entity's audited financial statements, which show a net worth of the  
17 provider, or parent or other affiliated corporation, of not less than  
18 \$100,000,000. If the provider's parent's or other affiliated  
19 corporation's form or financial statements are filed to meet the  
20 provider's means of assuring faithful performance to its contract  
21 holders, the parent or other affiliated corporation shall agree to  
22 guarantee the obligations of the provider.

23 b. Except **[for]** with respect to a provider that complies with  
24 paragraph (1) or (3) of subsection a. of this section or with respect  
25 to an insurer that the Commissioner of Banking and Insurance has  
26 determined meets financial solvency standards established under  
27 Title 17 of the New Jersey Statutes, in addition to the requirements  
28 set forth in subsection a. of this section, the provider shall **[not be**  
29 **subject to any additional financial security requirements by the**  
30 **director]** maintain a bond, having a value of not less than five  
31 percent of the gross consideration received per annum, less claims  
32 paid, on the sale of the service contract for all service contracts  
33 issued and in force, but not less than \$25,000, in order to issue,  
34 offer, or sell service contracts in this State. The provider shall  
35 name the division as a party on the bond, and shall notify the  
36 division, in writing, in the event of the cancellation or non-renewal  
37 of the bond.

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

1       <sup>1</sup>d. (1) A person shall not administer service contracts in this  
2 State that do not meet the requirements of subsection a. of this  
3 section.

4       (2) A person shall not administer service contracts in this State  
5 unless that person complies with one or more of the means of  
6 assuring faithful performance to its contract holders set forth in  
7 subsection a. of this section or the means of assuring faithful  
8 performance of a service contract set forth in subsection a. of this  
9 section adopted by the provider of the service contract applied to  
10 indemnify that person's conduct with respect to administering the  
11 service contract.<sup>1</sup>

12 (cf: P.L.2013, c.197, s.4)]<sup>2</sup>

13

14       <sup>2</sup>3. Section 4 of P.L.2013, c.197 (C.56:12-90) is amended to  
15 read as follows:

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

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

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

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



1 corporation's form or financial statements are filed to meet the  
2 provider's means of assuring faithful performance to its contract  
3 holders, the parent or other affiliated corporation shall agree to  
4 guarantee the obligations of the provider.

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

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

29 d. A person who administers service contracts in this State is  
30 required to comply with one or more means of assuring faithful  
31 performance as set forth in paragraph (1) through (3) of subsection  
32 a. of this section; or the means of assuring faithful performance of a  
33 service contract set forth in subsection a. of this section adopted by  
34 the provider of the service contract shall apply to indemnify that  
35 person's conduct with respect to administering the service  
36 contract.<sup>2</sup>

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

38

39 <sup>2</sup>【4. (New section) A <sup>1</sup>【provider】 regulated entity<sup>1</sup> shall disclose,  
40 in a manner and form prescribed by the director the following:

41 <sup>1</sup>【4】<sup>1</sup> a. the identities of all of the principals of the <sup>1</sup>【provider】  
42 regulated entity<sup>1</sup> that <sup>1</sup>issue, offer for sale,<sup>1</sup> sell or <sup>1</sup>【provide】  
43 administer<sup>1</sup> service contracts in the United States; <sup>1</sup>【and】<sup>1</sup>

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

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

5  
6 <sup>2</sup>4. (New section) A regulated entity shall disclose, in a manner  
7 and form prescribed by the director the following:

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

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

15 c. information concerning the regulated entity's business  
16 operations, which shall include the total amounts collected in  
17 provider's fees and the total amounts paid out in claims or charges  
18 for services provided under the contract. <sup>2</sup>

19  
20 5. (New section) a. A service contract that is not offered by a  
21 public utility but which is advertised by any entity, including an  
22 entity affiliated with a public utility, using a public utility's trade  
23 name, or other identifying information, shall not qualify as exempt  
24 pursuant to section 2 of P.L.2013, c.197, s.2 (C.56:12-88).

25 b. An advertisement for a service contract that is offered by an  
26 entity other than a public utility in a manner that uses a public  
27 utility's trade name or other identifying information <sup>2</sup>~~and,~~ <sup>2</sup> shall  
28 clearly and prominently disclose:

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

33 (2) the name of the provider that offers the service contract  
34 <sup>1</sup>and, if applicable, the name of the administrator <sup>1</sup>;

35 (3) the provider's contact information <sup>1</sup>and, if applicable, <sup>2</sup>~~the~~  
36 ~~name of~~ <sup>2</sup> the administrator's contact information <sup>1</sup>;

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

38 (5) if applicable, that the billing for the <sup>1</sup>~~provider's~~ <sup>1</sup> services  
39 <sup>1</sup>to be provided <sup>1</sup> will be conducted through a public utility and that  
40 the public utility is an entity other than the provider.

41 <sup>1</sup>c. Nothing in this act shall be construed to impose liability on  
42 news media for accepting or publishing advertising that may fall  
43 within the scope of this section. <sup>1</sup>

44 <sup>2</sup>~~6.~~ (New section) a. No <sup>1</sup>~~provider~~ <sup>1</sup> person shall issue,  
45 <sup>1</sup>~~sell, or~~ <sup>1</sup> offer to sell <sup>1</sup>, sell, or administer <sup>1</sup> a service contract in  
46 this State, unless the <sup>1</sup>~~provider~~ <sup>1</sup> person has registered with the  
47 division.

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

3       (1) disclose the address, ownership, and nature of business of  
4 the <sup>1</sup>['provider'] regulated entity<sup>1</sup>;

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

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

9       c. A registration application or registration renewal shall not be  
10 considered filed until all required information and fees are received  
11 by the division.

12       d. Any <sup>1</sup>['provider'] regulated entity<sup>1</sup> that fails to register prior  
13 to the sale of a service contract shall pay a late filing fee of \$100 for  
14 each 30-day period, or portion thereof, that the registration is late.

15 A <sup>1</sup>['provider'] regulated entity<sup>1</sup> that fails to timely renew its  
16 registration shall pay a late fee of \$50 for each 30-day period, or  
17 portion thereof, that the annual renewal filing fee is late. The late  
18 fees authorized by this subsection shall be in addition to all other  
19 penalties authorized by law, including civil penalties for the sale of  
20 any service contract while unregistered.

21       e. The director may refuse to issue or renew, and may revoke  
22 or suspend, any registration for failure to comply with, or violation  
23 of, the provisions of P.L. c. (C. ) (pending before the  
24 Legislature as this bill) or any regulation promulgated pursuant  
25 thereto, or the provisions of P.L.1960, c.39 (C.56:8-1 et seq.). A  
26 refusal, revocation, or suspension shall not be made except upon  
27 reasonable notice to, and opportunity to be heard by the applicant  
28 registrant. ]<sup>2</sup>

29

30       <sup>2</sup>6. (New section) a. A person shall not provide or administer a  
31 service contract in this State, unless the person has registered with  
32 the division.

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

35       (1) disclose the address, ownership, and nature of business of  
36 the regulated entity;

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

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

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

44       d. Any regulated entity that fails to register prior to the sale of  
45 a service contract shall pay a late filing fee of \$100 for each 30-day  
46 period, or portion thereof, that the registration is late. A regulated  
47 entity that fails to timely renew its registration shall pay a late fee

1 of \$50 for each 30-day period, or portion thereof, that the annual  
2 renewal filing fee is late. The late fees authorized by this  
3 subsection shall be in addition to all other penalties authorized by  
4 law, including civil penalties for the sale of any service contract  
5 while unregistered.

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

14  
15 7. (New section) The division may publish any non-  
16 confidential information regarding any <sup>1</sup>provider regulated  
17 entity<sup>1</sup> registered, or required to be registered, under section 6 of  
18 P.L. , c. (C. ) (pending before the Legislature as this bill) on a  
19 publicly accessible webpage operated by the division.

20  
21 8. (New section) a. <sup>2</sup>Any A<sup>2</sup> provider that <sup>2</sup>sells or offers  
22 to sell provides<sup>2</sup> any service to a consumer pursuant to a service  
23 contract the term of which is a specified period of 12 months or  
24 longer and that automatically renews for a specified period of more  
25 than one month, unless the consumer cancels the contract, shall  
26 provide the consumer with written or electronic notification of the  
27 automatic renewal provision. Notification shall be provided to the  
28 consumer not less than 30 days nor more than 60 days before the  
29 cancellation deadline pursuant to the automatic renewal provision.  
30 This notification shall disclose clearly and conspicuously:

31 (1) that unless the consumer cancels the contract<sup>2,2</sup> the contract  
32 will automatically renew; and

33 (2) methods by which the consumer may obtain details of the  
34 automatic renewal provision and cancellation procedure, whether by  
35 contacting the provider at a specified telephone number or address,  
36 by referring to the contract, or by any other method. <sup>1</sup>Such At a  
37 minimum, such<sup>1</sup> methods shall include, for each consumer<sup>1</sup>, at  
38 least one ] :

39 (a) an online method for the consumer to cancel the contract and  
40 a mailing<sup>1</sup> address to which written cancellation requests may be  
41 addressed<sup>1</sup>, one phone ] ; or

42 (b) a telephone<sup>1</sup> number that <sup>1</sup>consumers ] the consumer<sup>1</sup> may  
43 call to cancel<sup>1</sup> ] , and one online method of cancellation ] the  
44 contract<sup>1</sup>.

45 b. As part of the provider's routine business practice, where the  
46 business has failed for any reason to comply with the provisions of  
47 this section, the contract holder may cancel the contract and receive

1 the unearned portion of the contract subject to the automatic  
2 renewal provision <sup>2</sup>less the amount of claims paid during that  
3 automatic renewal period<sup>2</sup>, which amount shall be refunded as of  
4 the date on which the provider is notified of the error.

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

9 d. All cancellation requests <sup>2</sup>**[will]** are required to<sup>2</sup> be  
10 acknowledged within five business days of receipt and honored  
11 within 10 business days of receipt, and applied as of the date of  
12 receipt or, if permitted by the service contract, applied at the end of  
13 the holder's monthly billing cycle. <sup>2</sup>If a cancellation request is  
14 honored within five business days of receipt, the acknowledgement  
15 requirement of this subsection shall be deemed to have been  
16 satisfied.<sup>2</sup>

17 e. Nothing in this section shall be construed to prevent a  
18 contract holder from recovering on a claim that would be valid and  
19 covered had the <sup>1</sup>**[provider]** regulated entity<sup>1</sup> acted in compliance  
20 with P.L., c. (C. ) (pending before the Legislature as this bill).

21  
22 9. (New section) The Director of the Division of Consumer  
23 Affairs in the Department of Law and Public Safety may  
24 promulgate rules and regulations, pursuant to the "Administrative  
25 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to  
26 effectuate the purposes of P.L. , (C. ) (pending before the  
27 Legislature as this bill).

28  
29 10. This act shall take effect on the first day of the <sup>2</sup>**[ninth]**  
30 twelfth<sup>2</sup> month following enactment.