
Wisconsin Legislative Council

ACT MEMO



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2021 Wisconsin Act 129
[2021 Senate Bill 655]

**Motor Vehicle Service Contracts
and Vehicle Protection Product
Warranties**

MOTOR VEHICLE SERVICE CONTRACTS

Background

Current law regulates property service contracts, including motor vehicle service contracts. The law requires a service contract provider to be licensed with the Office of the Commissioner of Insurance (OCI) and meet certain conditions for financial responsibility, recordkeeping, and consumer disclosures.

A “service contract” generally includes any agreement to repair, replace, or maintain property due to a defect, accidental damage, power surge, or normal wear and tear. Examples of motor vehicle service contract coverage include repair or replacement of tires or wheels damaged as a result of potholes, rocks, or debris; removal of dents, dings, or creases, using a process of paintless dent removal; repair or replacement of a windshield; and repair of interior components due to normal wear and tear.

The Act

2021 Wisconsin Act 129 adds two clarifications to the types of service covered by a motor vehicle service contract. The act specifies that motor vehicle service contract coverage includes both of the following:

- Repair or replacement of a motor vehicle key or key fob, in the event that a key or key fob becomes inoperable or is lost or stolen.
- Repair, replacement, or maintenance of a motor vehicle for excess wear that results in excess wear and use charges assessed at the end of a lease, if the value of any benefits does not exceed the purchase price of the motor vehicle.

VEHICLE PROTECTION PRODUCT WARRANTIES

Background

Current law regulates vehicle protection product warranties. The law requires a warrantor to register with OCI and meet certain conditions for financial responsibility, recordkeeping, and consumer disclosures. A warrantor must also file with OCI a copy of each vehicle protection product warranty that is used in the state.

A “vehicle protection product warranty” is defined as a written representation, made to a warranty holder, that asserts that a vehicle protection product will prevent identified loss or damage to a vehicle, or the warrantor will pay costs incurred for the failure of the product to perform as the warranty provides.

A “vehicle protection product” is a product, device, system, or service, designed to prevent loss or damage to a vehicle. Examples include 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 Act

2021 Wisconsin Act 129 adds two clarifications to the regulation of vehicle protection product warranties.

First, the act specifies that a “vehicle protection product” does not include a chemical or substance applied to an exterior or interior surface of a vehicle to maintain and protect the vehicle’s appearance. The products are accordingly excluded from the regulation of vehicle protection product warranties.

Second, the act specifies that a warrantor is not required to obtain approval from OCI for the terms of a warranty. The act maintains the requirement under current law to file a copy of each warranty that is used in the state with OCI.

Effective date: February 6, 2022

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