SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 902

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 10, 2022

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 902.

As amended, this bill establishes certain consumer protection requirements upon service contract providers, or companies that offer contracts purporting to cover repairs to a consumer's home, car, or other goods.

In particular, the bill clarifies that legal requirements pertaining to service contracts apply to administrators, as well as persons contractually obligated to provide services under a contract, as provided under current law. The bill requires providers to meet certain bond requirements and provides that service contract providers are to clearly and conspicuously disclose automatic renewal provisions, provide notice prior to the cancellation deadline, and provide certain minimum methods for a consumer to cancel a contract.

In addition, the bill requires disclosure of the identities of all company principals, information regarding any litigation or enforcement matters concerning service contracts filed or prosecuted during the prior five years in which a principal was named or involved, and information about the provider's business operations, including the total amounts collected in provider fees and the total amounts paid out in claims or charges for services provided under the contract.

The bill requires providers who use a public utility's trade name or identifying information to clearly and prominently disclose:

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

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

(3) the provider's contact information and, if applicable, the name of the administrator's contact information;

(4) that the communication is an advertisement; and

(5) if applicable, that the billing for the services to be provided will be conducted through a public utility and that the public utility is an entity other than the provider.

Lastly, the bill requires providers and administrators to register with the Division of Consumer Affairs and allows the division to post non-confidential information about a provider or administrator publicly on its website.

COMMITTEE AMENDMENTS

The committee amended the bill to

(1) remove administrators of service contracts from the definition of "provider" and add a definition of "regulated entity" that means a provider or an administrator;

(2) stipulate that certain provisions of the bill apply to administrators in addition to providers;

(3) change the conditions under which the use of the term "extended warranty" may be used;

(4) require an advertisement for a service contract offered by an entity other than a public utility in a manner that uses a public utility's trade name or other identifying information to clearly and prominently disclose certain information relative to the administrator of the service contract in addition to the provide that offers the service contract;

(5) stipulate that nothing in the bill is to be construed to impose liability on news media for accepting or publishing advertising that may fall within the scope of the bill; and

(6) make certain technical corrections.