

VEHICLE PROTECTION PRODUCT ACT (EXCERPT)
Act 263 of 2005

***** 257.1251.new THIS NEW SECTION IS EFFECTIVE JUNE 14, 2006 *****

257.1251.new Requirements.

Sec. 11. (1) A person shall not sell or offer for sale in this state a warranted product unless the warranty on the vehicle protection product meets all of the following requirements:

- (a) Is written in clear, understandable language and is printed or typed in easy-to-read type, size, and style.
 - (b) Conspicuously states that the obligations of the warrantor to the warranty holder are guaranteed under a warranty reimbursement insurance policy.
 - (c) Conspicuously states that if a warranty holder must make a claim against a party other than the warranty reimbursement insurance policy issuer, the warranty holder is entitled to make a direct claim against the insurer upon the failure of the warrantor to pay any claim or meet any obligation under the terms of the warranty within 60 days after proof of loss has been filed with the warrantor.
 - (d) Conspicuously states the name and address of the issuer of the warranty reimbursement insurance policy.
 - (e) Identifies the warrantor, the seller, and the warranty holder.
 - (f) Contains the total purchase price for the warranty. However, the parties may negotiate the purchase price at the time of sale and it is not required that the purchase price be preprinted on the warranty.
 - (g) Describes the procedure for making a claim, including a telephone number.
 - (h) Conspicuously states the existence of any deductible amount.
 - (i) Specifies the payments or performance provided under the warranty, including, but not limited to, any payments for incidental costs, the manner of calculation or determination of payments or performance, and any limitations, exceptions, or exclusions.
 - (j) Describes the conditions under which substitution of parties or performance is allowed.
 - (k) Conspicuously sets forth all of the obligations and duties of the warranty holder, including, but not limited to, any duty to protect against any further damage to the vehicle, the obligation to notify the warrantor in advance of any repair, or any other similar requirements.
 - (l) Sets forth any terms, restrictions, or conditions governing any right to transfer the warranty.
 - (m) Contains a disclosure that reads substantially as follows: "This agreement is a product warranty and is not insurance."
- (2) At the time of sale, the seller or warrantor shall provide 1 of the following to the purchaser:
- (a) A copy of the vehicle protection product warranty.
 - (b) A receipt or other written evidence of the purchase of the warranted product. A warrantor or seller that provides a receipt or other evidence under this subdivision shall provide the purchaser with a copy of the warranty within 30 days after the date of purchase.

History: 2005, Act 263, Eff. June 14, 2006.