

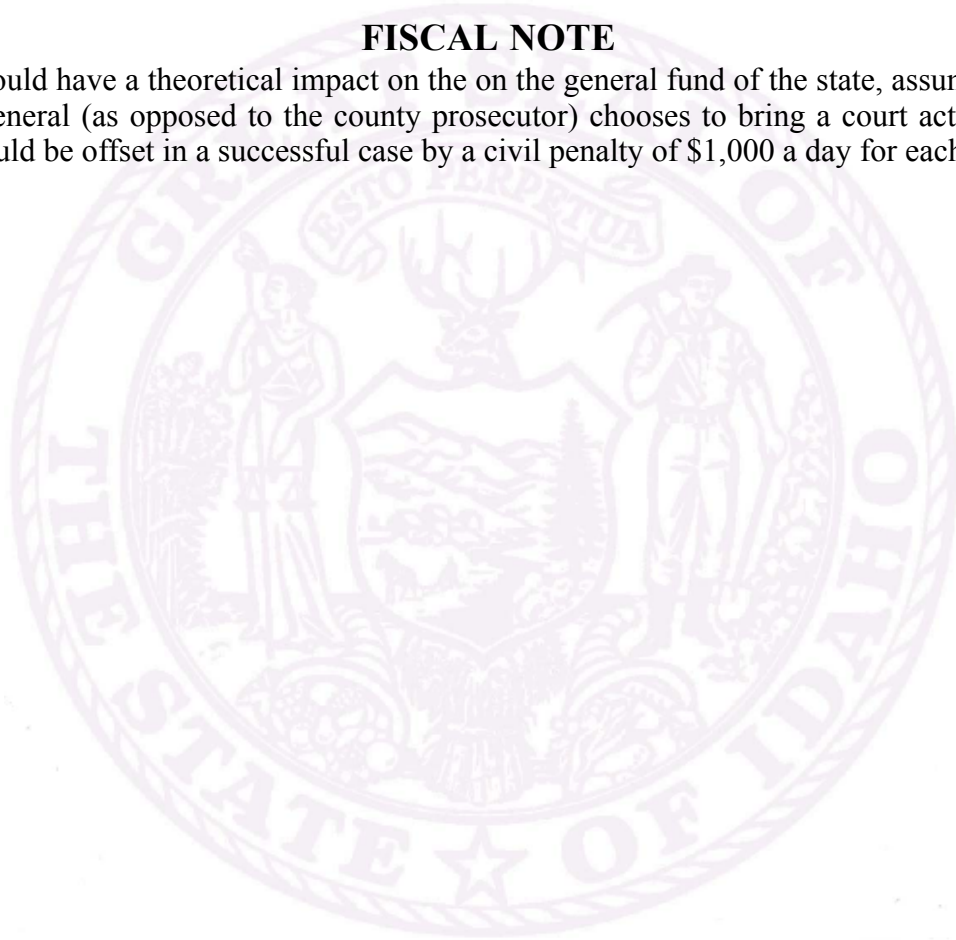
STATEMENT OF PURPOSE

RS19625

The purpose of this bill is to amend the law pertaining to automotive service contracts. The bill will strengthen insurance requirements by requiring sufficient surplus by a financially solvent insurer so that persons purchasing from service contract providers will know that the provider is fiscally sound. In addition, the bill prohibits deceptive practices by service contract providers, and adds criminal and civil penalties enforceable by the county prosecutor or attorney general.

FISCAL NOTE

This bill could have a theoretical impact on the on the general fund of the state, assuming that the attorney general (as opposed to the county prosecutor) chooses to bring a court action, but that impact would be offset in a successful case by a civil penalty of \$1,000 a day for each violation.



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