

IN THE SENATE

SENATE BILL NO. 1262

BY TRANSPORTATION COMMITTEE

AN ACT

1 RELATING TO MOTOR VEHICLE SERVICE CONTRACTS; AMENDING SECTION 49-2802,  
2 IDAHO CODE, TO PROVIDE THAT CERTAIN AGREEMENTS SHALL NOT BE CONSIDERED  
3 MOTOR VEHICLE SERVICE CONTRACTS OR CONTRACTS OF INSURANCE.  
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5 Be It Enacted by the Legislature of the State of Idaho:

6 SECTION 1. That Section 49-2802, Idaho Code, be, and the same is hereby  
7 amended to read as follows:

8 49-2802. DEFINITIONS. As used in this chapter:

9 (1) "Mechanical breakdown insurance" shall mean a policy, contract or  
10 agreement that undertakes to perform or provide repair or replacement ser-  
11 vice, or indemnification for such service, for the operational or structural  
12 failure of a motor vehicle due to defect in materials or workmanship or nor-  
13 mal wear and tear and that is issued by an insurance company authorized to do  
14 business in this state.

15 (2) "Motor vehicle service contract" shall mean a contract or agreement  
16 given for consideration over and above the lease or purchase price of a mo-  
17 tor vehicle that undertakes to perform or provide repair or replacement ser-  
18 vice, or indemnification for such service, for the operational or structural  
19 failure of a motor vehicle due to defect in materials or workmanship or nor-  
20 mal wear and tear but shall not include mechanical breakdown insurance. A  
21 motor vehicle service contract may provide full or partial reimbursement for  
22 other expenses incurred by the motor vehicle service contract holder as a di-  
23 rect and proximate result of an operational or structure failure or reduced  
24 operating efficiency if included in the contract coverage, including but not  
25 limited to, towing, rental car, lodging, motor club, maintenance benefits,  
26 roadside assistance and meal expenses. An agreement whereby an employer, or  
27 a third party contracted by the employer, provides mileage reimbursement and  
28 incidental maintenance and repairs to its employees for personal vehicles  
29 used for business purposes shall not be considered a motor vehicle service  
30 contract or a contract of insurance.

31 (3) "Motor vehicle service contract holder" means a person who pur-  
32 chases a motor vehicle service contract, or a permitted transferee.

33 (4) "Motor vehicle service contract provider" shall mean a person or  
34 the assignee of such person who, as the manufacturer, distributor or seller  
35 of its product, or a person acting through or with the written consent of the  
36 manufacturer, distributor or seller of the product, offers to sell a motor  
37 vehicle service contract.

38 (5) "Liability insurance policy" shall mean a policy of insurance pro-  
39 viding coverage for all contractual obligations incurred by a motor vehi-  
40 cle service contract provider under the terms of a motor vehicle service con-  
41 tract issued or sold by the motor vehicle service contract provider.