

SESSION OF 2008

**SUPPLEMENTAL NOTE ON  
SUBSTITUTE FOR HOUSE BILL NO. 2725**

As Amended by Senate Committee on  
Transportation

**Brief\***

Sub. for HB 2725 would exempt vehicle protection products, as defined in the bill, from complying with the provisions of Chapter 40—Insurance of the *Kansas Statutes Annotated*. The bill would define “vehicle protection products” as products including alarm systems, steering locks, and tracking devices. The bill also would define, for purposes of this bill, the terms “warranty,” “warrantor,” and “incidental costs.” The bill would clarify that adoption would not imply that a vehicle protection product warranty would have been considered insurance before this bill would take effect; would specify how incidental costs could be reimbursed; would specify that a vehicle protection product seller or warrantor could not require, as a condition of financing, that a purchaser of a motor vehicle purchase a vehicle protection product; and would specifically state that the bill’s requirements could not be considered to be in effect retroactively.

**Background**

Conferees who testified in support of the original bill included John J. Federico, on behalf of the National Vehicle Protection Association; Victor Smith, Executive Director and General Counsel, National Vehicle Protection Association; and Don McNeely, Kansas Automobile Dealers Association. The substitute bill was the result of deliberations among the conferees. Substitute for HB 2725 would clarify that vehicle

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

protection products are warranties and not insurance products to be regulated by the Kansas Insurance Department. The same conferees appeared in support of the bill before the Senate committee. No conferees testified in opposition to the bill.

The Senate Transportation Committee amended the bill, at the request of the National Vehicle Protection Association, in several ways: to include definitions of “incidental costs” and “warrantor”; to clarify that adoption would not imply that a vehicle protection product warranty would have been considered insurance before this bill would take effect; to specify how incidental costs may be reimbursed; to clarify that a vehicle protection product seller or warrantor may not require as a condition of financing that a purchaser of a motor vehicle purchase a vehicle protection product; and to specifically state that the bill’s requirements could not be considered to be in effect retroactively.

Information in the fiscal note provided by the Division of the Budget on the original bill and applicable to the substitute and amended bill indicates that the bill would have no fiscal effect on any state agency.