



Ohio Revised Code

Section 3905.423 Consumer goods contracts to be covered by reimbursement insurance.

Effective: March 20, 2019

Legislation: Senate Bill 273 - 132nd General Assembly

(A) As used in this section:

- (1) "Consumer" has the same meaning as in section 1345.01 of the Revised Code.
- (2) "Consumer goods" means goods sold, leased, assigned, awarded by chance, or transferred to a consumer in a consumer transaction.
- (3) "Consumer goods service contract" means a contract or agreement to perform or pay for repairs, replacement, or maintenance of consumer goods due to a defect in materials or workmanship, normal wear and tear, power surges, or accidental damage from handling, that is effective for a specified duration and paid for by means other than the purchase of the consumer goods. "Consumer goods service contract" does not include any of the following:
 - (a) A motor vehicle service contract as defined in section 3905.426 of the Revised Code;
 - (b) A vehicle protection product as defined in section 3905.421 of the Revised Code;
 - (c) A home service contract as defined in section 3905.422 of the Revised Code;
 - (d) A motor vehicle ancillary product protection contract as defined in section 3905.426 of the Revised Code;
 - (e) A contract for prepaid routine, scheduled maintenance only.
- (4) "Consumer transaction" has the same meaning as in section 1345.01 of the Revised Code.
- (5) "Contract holder" means the consumer who purchased goods covered by a consumer goods



service contract, any authorized transferee or assignee of the consumer, or any other person assuming the consumer's rights under the consumer goods service contract.

(6) "Provider" means a person who is contractually obligated to a contract holder under the terms of a consumer goods service contract.

(7) "Reimbursement insurance policy" means a policy of insurance issued by an insurer authorized or eligible to do business in this state to a provider to pay, on behalf of the provider in the event of the provider's nonperformance, all covered contractual obligations incurred by the provider under the terms and conditions of the consumer goods service contract.

(8) "Supplier" has the same meaning as in section 1345.01 of the Revised Code.

(B) All consumer goods service contracts issued in this state that provide for the performance of or payment for repairs, replacement, or maintenance of consumer goods due to power surges or accidental damage from handling shall be covered by a reimbursement insurance policy.

(C) A consumer goods service contract issued by a provider that is required to be covered by a reimbursement insurance policy under division (B) of this section shall conspicuously state all of the following:

(1) That the obligations of the provider are guaranteed under a reimbursement insurance policy;

(2) That if a provider fails to perform or make payment due under the terms of the contract within sixty days after the contract holder requests performance or payment pursuant to the terms of the contract, the contract holder may request performance or payment directly from the provider's reimbursement insurance policy insurer, including, but not limited to, any obligation in the contract by which the provider must refund the contract holder upon cancellation of a contract;

(3) The name, address, and telephone number of the provider's reimbursement insurance policy insurer.

(D) A reimbursement insurance policy that is required to be issued under this section shall contain:



(1) A statement that if a provider fails to perform or make payment due under the terms of the consumer goods service contract within sixty days after the contract holder requests performance or payment pursuant to the terms of the contract, the contract holder may request performance or payment directly from the provider's reimbursement insurance policy insurer, including, but not limited to, any obligation in the contract by which the provider must refund the contract holder upon cancellation of a contract;

(2) A statement that in the event of cancellation of the provider's reimbursement insurance policy, insurance coverage will continue for all contract holders whose consumer goods service contracts were issued by the provider and reported to the insurer for coverage during the term of the reimbursement insurance policy.

(E) The sale or issuance of a consumer goods service contract is a consumer transaction for purposes of sections 1345.01 to 1345.13 of the Revised Code. The provider is the supplier and the contract holder is the consumer for purposes of those sections.

(F) Unless issued by an insurer authorized or eligible to do business in this state, a consumer goods service contract does not constitute a contract substantially amounting to insurance, or the contract's issuance the business of insurance, under section 3905.42 of the Revised Code.

(G) The rights of a contract holder against a provider's reimbursement insurance policy insurer as provided in this section apply only in regard to a reimbursement insurance policy issued under this section. This section does not create any contractual rights in favor of a person that does not qualify as an insured under any other type of insurance policy described in Title XXXIX of the Revised Code.