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INSURANCE CODE - INS

DIVISION 2. CLASSES OF INSURANCE [1880 - 12880.8] (Division 2 enacted by Stats. 1935, Ch. 145.)

PART 8. SERVICE CONTRACTS [12800 - 12865] (Part 8 added by Stats. 2003, Ch. 439, Sec. 5.)

12800. The following definitions apply for purposes of this part:

(a) "Motor vehicle" means a self-propelled device operated solely or primarily upon land and may include both self-propelled motor homes or recreational vehicles, non-self-propelled camping and recreational trailers, off-road vehicles, and trailers designed to transport off-road vehicles. However, "motor vehicle" shall not include a self-propelled vehicle, or a component part of such a vehicle, that has any of the following characteristics:

(1) Has a gross vehicle weight rating of 30,000 pounds or more, and is not a recreational vehicle as defined by Section 18010 of the Health and Safety Code.

(2) Is designed to transport more than 15 passengers, including the driver.

(3) Is used in the transportation of materials considered hazardous pursuant to the Hazardous Materials Transportation Act (49 U.S.C. Sec. 5101 et seq.), as amended.

(b) "Watercraft" means a vessel, as defined in Section 21 of the Harbors and Navigation Code, and may include any non-self-propelled trailer used to transport such watercraft upon land.

(c) (1) "Vehicle service contract" means a contract or agreement for a separately stated consideration and for a specific duration to repair, replace, or maintain a motor vehicle or watercraft, or to indemnify for the repair, replacement, or maintenance of a motor vehicle or watercraft, necessitated by an operational or structural failure due to a defect in materials or workmanship, or due to normal wear and tear.

(2) (A) A vehicle service contract may also provide for the incidental payment of indemnity under limited circumstances only in the form of the following additional benefits: coverage for towing, substitute transportation, emergency road service, rental car reimbursement, reimbursement of deductible amounts under a manufacturer's warranty, and reimbursement for travel, lodging, or meals.

(B) A provider seeking to offer a vehicle service contract, including any of the benefits described in subparagraph (A), shall, when filing a specimen of the contract in accordance with subdivision (a) of Section 12820, certify that the indemnity benefits provided are incidental. For purposes of subparagraph (A) and this certification, indemnity benefits are incidental if the cost to provide them based on historical data, or projected data if historical data is unavailable or insufficient, is substantially less than the cost of providing all the benefits described in paragraphs (1), (3), (4), and (5). The commissioner may request the historical or projected data at any time.

(3) "Vehicle service contract" also includes an agreement of a term of at least one year, for separately stated consideration, that promises routine maintenance.

(4) Notwithstanding Section 116, and paragraphs (1) and (2) of this subdivision, a vehicle service contract also includes one or more of the following:

(A) An agreement that promises the repair or replacement of a tire or wheel necessitated by wear and tear, defect, or damage caused by a road hazard. However, an agreement that promises the repair or replacement of a tire necessitated by wear and tear, defect, or damage caused by a road hazard, in which the obligor is the tire manufacturer, is exempt from the requirements

of this part. A warranty provided by a tire or wheel distributor or retailer is exempt from the requirements of this part as long as the warranty covers only defects in the material or workmanship of the tire or wheel.

(B) An agreement that promises the repair or replacement of glass on a vehicle necessitated by wear and tear, defect, or damage caused by a road hazard. However, a warranty provided by a vehicle glass or glass sealant manufacturer is exempt from the requirements of this part. A warranty provided by a vehicle glass distributor or retailer is exempt from the requirements of this part as long as the warranty covers only defects in the material or workmanship of the vehicle glass.

(C) An agreement that promises the removal of a dent, ding, or crease without affecting the existing paint finish using paintless dent repair techniques, and which expressly excludes the replacement of vehicle body panels, sanding, bonding, or painting.

(D) An agreement that promises the replacement of a motor vehicle key or key fob in the event that the key or key fob becomes inoperable or is lost or stolen.

(5) "Vehicle service contract" also includes an agreement covering any of a vehicle's mechanical components, provided with or without separate consideration, that promises to repair, replace, or maintain a motor vehicle or watercraft, or to indemnify for the repair, replacement, or maintenance of a motor vehicle or watercraft, conditioned upon the use of a specific brand or brands of lubricant, treatment, fluid, or additive.

(d) "Service contract administrator" or "administrator" means any person, other than an obligor, who performs or arranges, directly or indirectly, the collection, maintenance, or disbursement of moneys to compensate any party for claims or repairs pursuant to a vehicle service contract, and who also performs or arranges, directly or indirectly, any of the following activities with respect to vehicle service contracts in which a seller located within this state is the obligor:

(1) Providing sellers with service contract forms.

(2) Participating in the adjustment of claims arising from service contracts.

(e) "Purchaser" means any person who purchases a vehicle service contract from a seller.

(f) "Seller" means either of the following:

(1) With respect to motor vehicles, a dealer or lessor-retailer licensed in one of those capacities by the Department of Motor Vehicles and who sells vehicle service contracts incidental to his or her business of selling or leasing motor vehicles.

(2) With respect to watercraft, a person who sells vehicle service contracts incidental to that person's business of selling or leasing watercraft vehicles.

(g) "Obligor" means the entity legally obligated under the terms of a service contract.

(h) "Road hazard" means a hazard that is encountered while driving a motor vehicle and that may include, but is not limited to, potholes, rocks, debris, metal parts, glass, plastic, curbs, or composite scraps.

(Amended by Stats. 2016, Ch. 386, Sec. 3. (AB 2354) Effective January 1, 2017.)

12805. (a) Notwithstanding Sections 103 and 116, the following types of agreements covering watercraft or motor vehicles shall not constitute insurance:

(1) A vehicle service contract that does each of the following:

(A) Names as the obligor a motor vehicle manufacturer or distributor licensed in that capacity by the Department of Motor Vehicles, or a watercraft manufacturer.

(B) Covers only motor vehicles or watercraft manufactured, distributed, or sold by that obligor.

(2) A vehicle service contract in which the obligor is a seller, provided that the obligor complies with all provisions of this part except Section 12815.

(3) A vehicle service contract sold by a seller in which the obligor is a party other than the seller, provided that the obligor complies with all provisions of this part.

(4) An agreement in which the obligor is a motor vehicle or watercraft part manufacturer, distributor, or retailer, that covers no more than the following items:

(A) The repair or replacement of a part manufactured, distributed, or retailed by that obligor.

(B) Consequential and incidental damage resulting from the failure of that part.

(5) An agreement in which the obligor is a repair facility, that is entered into pursuant and subsequent to repair work previously performed by that repair facility, and that is limited in scope to the following:

(A) The repair or replacement of the part that was previously repaired.

(B) Consequential and incidental damage resulting from the failure of that part.

(6) An agreement promising only routine maintenance that does not constitute a vehicle service contract.

(7) An agreement whereby an employer promises, or a third party contracted by the employer and acting on the employer's behalf provides, mileage reimbursement or routine vehicle maintenance or noncollision repairs, or any combination of these benefits, to the employer's employees for personal vehicles used in the employer's business.

(b) The types of agreements described in paragraphs (4) to (7), inclusive, of subdivision (a) are exempt from all provisions of this part.

(c) Vehicle service contracts described in paragraph (1) of subdivision (a) are exempt from the provisions of Sections 12815, 12830, 12835, and 12845.

(Amended by Stats. 2016, Ch. 386, Sec. 4. (AB 2354) Effective January 1, 2017.)

12810. (a) No person, other than a seller, shall sell or offer for sale a vehicle service contract to a purchaser.

(b) No obligor shall use a seller as a fronting company and no seller shall act as a fronting company. For purposes of this section, a "fronting company" is a seller that authorizes a third-party obligor to use its name or business to evade or circumvent the provisions of subdivision (a).

(Added by Stats. 2003, Ch. 439, Sec. 5. Effective January 1, 2004. Operative July 1, 2004, by Sec. 7 of Ch. 439.)

12815. (a) An obligor who is not a seller shall possess a vehicle service contract provider license. A vehicle service contract provider license shall be applied for and maintained, and its holder shall be subject to disciplinary action, as if it were a property broker-agent and casualty broker-agent license, with the following exceptions:

(1) An applicant for a vehicle service contract provider license is exempt from having to satisfy precensing and continuing education requirements, and from having to pass a qualifying exam.

(2) The fee to obtain a vehicle service contract provider license shall be four thousand nine hundred thirty-nine dollars (\$4,939). The fee to renew a vehicle service contract provider license shall be eight hundred forty-seven dollars (\$847).

(b) A service contract administrator shall be licensed as a property broker-agent and casualty broker-agent.

(Amended by Stats. 2017, Ch. 534, Sec. 84. (AB 1699) Effective January 1, 2018.)

12820. (a) Prior to offering a vehicle service contract form to a purchaser or providing a vehicle service contract form to a seller, an obligor shall file with the commissioner a specimen of that vehicle service contract form.

(b) A vehicle service contract form may include any or all of the benefits described in subdivision (c) of Section 12800 and shall comply with all of the following requirements:

(1) (A) If an obligor has complied with Section 12830, the vehicle service contract shall include a disclosure in substantially the following form: "Performance to you under this contract is guaranteed by a California approved insurance company. You may file a claim with this insurance company if any promise made in the contract has been denied or has not been honored within 60 days after your request. The name and address of the insurance company is: (insert name and address). If you are not satisfied with the insurance company's response, you may contact the California Department of Insurance at 1-800-927-4357 or access the department's Internet Web site (www.insurance.ca.gov)."

(B) If an obligor has complied with Section 12836, the vehicle service contract shall include a disclosure in substantially the following form: "If any promise made in the contract has been denied or has not been honored within 60 days after your request, you may contact the California Department of Insurance at 1-800-927-4357 or access the department's Internet Web site (www.insurance.ca.gov)."

(C) The requirement that a vehicle service contract form include the department's Internet Web site shall not apply to a form for which the department has issued a "no objection letter" as of December 31, 2016.

(2) All vehicle service contract language that excludes coverage, or imposes duties upon the purchaser, shall be conspicuously printed in boldface type no smaller than the surrounding type.

(3) The vehicle service contract shall do each of the following:

(A) State the obligor's full corporate name or a fictitious name approved by the commissioner, the obligor's mailing address, the obligor's telephone number, and the obligor's vehicle service contract provider license number.

(B) State the name of the purchaser and the name of the seller.

(C) Conspicuously state the vehicle service contract's purchase price.

(D) Comply with Sections 1794.4 and 1794.41 of the Civil Code.

(E) Name the administrator, if any, and provide the administrator's license number.

(4) If the vehicle service contract excludes coverage for preexisting conditions, the contract must disclose this exclusion in 12-point type.

(c) The following benefits constitute insurance, whether offered as part of a vehicle service contract or in a separate agreement:

(1) Indemnification for a loss caused by misplacement, theft, collision, fire, or other peril typically covered in the comprehensive coverage section of an automobile insurance policy, a homeowner's policy, or a marine or inland marine policy, except as expressly authorized in subdivision (c) of Section 12800.

(2) Locksmith services, unless offered as part of an emergency road service benefit.

(d) This section shall become operative on January 1, 2017.

(Amended (as added by Stats. 2015, Ch. 348, Sec. 27) by Stats. 2016, Ch. 386, Sec. 5. (AB 2354) Effective January 1, 2017.)

12825. (a) In addition to any other right of rescission an obligor or purchaser may have, an obligor may include a provision in a service contract that reserves to the obligor the right to cancel the service contract within 60 days under the following conditions:

(1) Notice of cancellation is mailed to the purchaser postmarked before the 61st day after the date the contract was sold by the seller.

(2) The obligor provides the purchaser with a refund equal to the full purchase price stated on the contract within 30 days from the date of cancellation. However, if the obligor has paid a claim, or has advised the purchaser in writing that it will pay a claim, it may provide a pro rata refund, less the amount of any claims paid prior to cancellation.

(3) The service contract ceases to be valid no less than five days after the postmark date of the notice.

(4) The notice states the specific grounds for the cancellation.

(b) An obligor may at any time cancel a service contract for nonpayment by the purchaser, conditioned upon each of the following:

(1) Notice of cancellation is mailed to the purchaser.

(2) If any refund is owed pursuant to Section 1794.41 of the Civil Code, the refund is paid within 30 days of the date of cancellation.

(3) The service contract ceases to be valid no less than five days after the postmark date of the notice.

(4) The notice states the specific grounds for the cancellation.

(c) An obligor may at any time cancel a service contract for material misrepresentation or fraud by the purchaser, conditioned upon each of the following:

(1) Notice of cancellation is mailed to the purchaser

(2) A pro rata refund of the purchase price stated on the contract is paid within 30 days of the date of cancellation.

(3) The notice states the specific nature of the misrepresentation.

(d) An obligor who cancels a contract is liable for any claim reported to a person designated in the contract for the reporting of claims if the claim is reported prior to the effective date of cancellation and is covered by the contract. For the purpose of this subdivision, a purchaser is deemed to have reported a claim if he or she has completed the first step required under the contract for reporting a claim.

(e) An obligor canceling a contract pursuant to subdivision (b), (c), or (d) who pays a claim, or has advised the purchaser in writing that he or she will pay a claim, may provide a prorata rather than full refund, less the amount of any claims paid prior to cancellation.

(Added by Stats. 2003, Ch. 439, Sec. 5. Effective January 1, 2004. Operative July 1, 2004, by Sec. 7 of Ch. 439.)

12830. (a) Prior to incurring an obligation under a vehicle service contract, an obligor shall file with the commissioner, to the attention of the legal division, and receive the commissioner's approval to use, a copy of an insurance policy covering 100 percent of the obligor's vehicle service contract obligations. The policy must be issued by an insurer admitted in this state and authorized by the commissioner to issue that insurance in this state. The policy may also be issued by a risk retention group, as that term is defined in 15 U.S.C. Sec. 3901(a)(4), as long as that risk retention group is in full compliance with the federal Liability Risk Retention Act of 1986 (15 U.S.C. Sec. 3901 and following), is in good standing in its domiciliary jurisdiction, and has registered with the commissioner pursuant to Chapter 1.5 (commencing with Section 125) of Part 1 of Division 1. The insurance required by this subdivision shall be subject to the following:

(1) The insurer or risk retention group shall, at the time the policy is filed with the commissioner, and continuously thereafter, be rated "B++" or better by A. M. Best Company, Inc., maintain surplus as to policyholders and paid-in capital of at least fifteen million dollars (\$15,000,000), and annually file audited financial statements with the commissioner.

(2) The commissioner may authorize an insurer or risk retention group that has surplus as to policyholders and paid-in capital of less than fifteen million dollars (\$15,000,000) but at least equal to ten million dollars (\$10,000,000) to issue the insurance required by this paragraph if the insurer or risk retention group demonstrates to the satisfaction of the commissioner that the company maintains a ratio of direct written premiums, wherever written, to surplus as to policyholders and paid-in capital of not more than 3 to 1.

(3) An obligor required to maintain insurance pursuant to this paragraph who is an affiliate of a distributor of new motor vehicles licensed as such in any state prior to January 1, 2003, and continuously thereafter, is exempt from the requirement that its insurer or risk retention group satisfy the rating, surplus, and paid-in capital requirements of paragraph (1). This exemption shall apply only if the distributor sold or distributed at least 25,000 new motor vehicles to licensed dealers in the preceding five years. For the purpose of this paragraph, "affiliate" has the meaning set forth in subdivision (a) of Section 1215.

(b) An insurance policy filed with the commissioner pursuant to subdivision (a) shall state the name of the obligor. The policy shall provide that all purchasers of vehicle service contracts shall be entitled to satisfaction by the insurer of any and all obligations arising under vehicle service contracts of the named obligor, upon the existence of all of the following conditions and no others:

(1) The service contract obligor refuses or fails to satisfy an obligation arising under the vehicle service contract within 60 days of the date the purchaser submits proof of loss to the obligor.

(2) The purchaser provides written notice to the insurer that the obligor has failed to comply with an obligation under the vehicle service contract.

(3) The purchaser possesses a vehicle service contract sold after the inception and prior to any cancellation of the insurance policy required by subdivision (a), and the vehicle service contract recites the name of the obligor that is insured by the policy as the obligor of the service contract.

(c) An insurer's liability under a policy filed pursuant to subdivision (a) shall not be negated by any failure of the seller, an administrator, the obligor, or agents of any of these persons, to report the issuance of a vehicle service contract or to remit moneys to another person pursuant to a contractual agreement. The policy must state that the insurer is deemed to have received the premium for the policy upon payment by the purchaser for a vehicle service contract insured by that policy.

(d) In lieu of complying with Section 12836, an obligor shall have on file with the commissioner only one active policy from one insurer at any time. Unless exempt under paragraph (1) of subdivision (a) of Section 12805, an obligor shall comply with either this section or Section 12836, but not both.

(e) No policy cancellation by an insurer shall be valid unless a notice of the intent to cancel the policy was filed with the commissioner 30 days prior to the effective date of the cancellation, or 10 days prior in the event that the cancellation is due to fraud, material misrepresentation, or defalcation by the obligor or its administrator, if any.

(Amended by Stats. 2023, Ch. 204, Sec. 16. (AB 1140) Effective January 1, 2024.)

12835. (a) In the event an insurer cancels a policy that it has filed with the commissioner pursuant to Section 12830, the obligor named on the policy shall do either of the following:

- (1) File a copy of a new policy with the commissioner, before the termination of the prior policy, providing no lapse in coverage following the termination of the prior policy.
- (2) Discontinue acting as an obligor as of the termination date of the policy until a new policy becomes effective and has been accepted and acknowledged by the commissioner.

(b) This section shall not relieve an obligor from any obligation incurred under service contracts issued with its name as obligor prior to the date the policy was terminated.

(Added by Stats. 2003, Ch. 439, Sec. 5. Effective January 1, 2004. Operative July 1, 2004, by Sec. 7 of Ch. 439.)

12836. In lieu of complying with Section 12830, an obligor or its parent company may establish to the commissioner's satisfaction that it possesses a net worth of one hundred million dollars (\$100,000,000). The obligor shall, upon request, provide the commissioner with all documents and affidavits necessary to establish the net worth, including, but not limited to, a copy of the obligor's financial statements or the obligor's parent company's financial statements, and affidavits by the president and chief financial officer attesting to the net worth of the obligor or the obligor's parent company. If the obligor elects to meet the net worth requirement through the parent company, the parent company shall agree in writing to guarantee the obligations of the obligor relating to contracts of the obligor issued in this state.

(Added by Stats. 2007, Ch. 326, Sec. 4. Effective January 1, 2008.)

12840. (a) Every obligor or its administrator shall maintain at its principal office complete and accurate accounts, books, and records of all transactions among the obligor, its administrator, if any, sellers, insurers, and purchasers. Records maintained pursuant to this section shall be made available to the commissioner upon reasonable request. Any computerized recordkeeping system must be capable of producing a legible hard copy of all required records. Accounts, books, and records shall include:

- (1) A complete set of accounting records, including, but not limited to, a general ledger, cash receipts and disbursements journals, accounts receivable registers, and accounts payable registers.
- (2) Copies of each type of service contract sold.
- (3) The name and address of each service contract purchaser to the extent that the name and address have been furnished by the service contract purchaser.
- (4) A list of the locations where service contracts are marketed, sold, or offered for sale.
- (5) Written claims files which shall contain at least the dates and descriptions of claims related to the service contracts.

(b) All required records pertaining to a service contract shall be maintained by the obligor, its administrator, or the insurer underwriting the contract, for at least three years after the expiration of the contract.

(c) Every insurer that has issued a policy to an obligor shall have an ongoing right to access that obligor's books and records in order to permit the insurer to fulfill all obligations to purchasers.

(d) The commissioner may examine and investigate the affairs of every obligor and any administrator of an obligor. Any examination or investigation shall be at the expense of the obligor or the administrator, in the discretion of the commissioner. Any information contained in the books and records, including, but not limited to, the identity and addresses of sellers and purchasers of service contracts, shall be confidential, except that the commissioner may use the information in any proceeding or investigation instituted against an obligor or an administrator.

(e) An obligor's failure to keep or maintain the required accounts, books, or records, or to provide the commissioner with full and immediate access to those records, shall be grounds for the immediate suspension or revocation of the obligor's vehicle service contract provider's license, and also shall be grounds for the commissioner to issue a cease and desist order pursuant to Section 1065.2.

(Added by Stats. 2003, Ch. 439, Sec. 5. Effective January 1, 2004. Operative July 1, 2004, by Sec. 7 of Ch. 439.)

12845. Any vehicle service contract obligor or administrator that provides vehicle service contract forms to sellers or purchasers, directly or indirectly, and fails to comply with Sections 12815, 12830 and 12835, is guilty of a public offense punishable by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code, or by a fine not exceeding five hundred thousand dollars (\$500,000), or both, and shall be enjoined from further violations by a court of competent jurisdiction on petition of the

commissioner. This section shall not apply to a seller who is an obligor under vehicle service contracts it sells. The commissioner may issue a cease and desist order pursuant to Section 1065.2 to an obligor or administrator who violates Section 12830 or 12835. The commissioner may issue a cease and desist order pursuant to Section 12921.8 to an obligor or administrator in violation of Section 12815.

(Amended by Stats. 2011, Ch. 15, Sec. 220. (AB 109) Effective April 4, 2011. Operative October 1, 2011, by Sec. 636 of Ch. 15, as amended by Stats. 2011, Ch. 39, Sec. 68.)

12850. (a) An obligor has the burden of proving that a claim is not covered by a service contract. An obligor has the burden of proving that a claim settlement amount is proper under the terms of the contract.

(b) No seller of a service contract who participates in or influences, directly or indirectly, the processing, administration, or adjustment of claims, shall enter into any agreement or understanding the effect of which is to make the amount of the seller's commission or compensation contingent upon savings effected in the adjustment, settlement, or payment of losses covered by the contract.

(Added by Stats. 2003, Ch. 439, Sec. 5. Effective January 1, 2004. Operative July 1, 2004, by Sec. 7 of Ch. 439.)

12855. The commissioner may adopt regulations necessary or desirable to implement this chapter.

(Added by Stats. 2003, Ch. 439, Sec. 5. Effective January 1, 2004. Operative July 1, 2004, by Sec. 7 of Ch. 439.)

12860. The provisions of this part are severable. If any provision of this part or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

(Added by Stats. 2003, Ch. 439, Sec. 5. Effective January 1, 2004. Operative July 1, 2004, by Sec. 7 of Ch. 439.)

12865. A promise to refund some or all of the purchase price of a service contract if the purchaser does not file any claims, files a limited number of claims, or files claims the dollar amount of which does not exceed a set amount or percentage, shall constitute insurance, unless subdivisions (a) and (b) are satisfied. If conditions (a) and (b) are satisfied, the promise shall constitute a refund agreement.

(a) The promise is offered without separate consideration, and the promisor complies with subdivisions (a)(1), (a)(2) or (a)(3).

(1) The promisor is a service contract obligor, the promise is contained within a service contract, and the obligor has complied with all provisions of this part.

(2) The promisor is a seller, the refund agreement provides no benefits other than the refund of some or all of the purchase price, and the promisor utilizes a refund agreement administrator.

(3) The promisor is neither a seller nor a service contract obligor. Such a person shall be deemed a refund agreement obligor, and shall comply with subdivisions (c)(1), (c)(2) and (c)(3).

(b) A person other than the seller who performs or arranges, directly or indirectly, the collection, maintenance, or disbursement of moneys to compensate any party under a refund agreement, and who also provides sellers with refund agreement forms and participates in the adjustment of refund agreement claims, shall be deemed a refund agreement administrator, and shall comply with subdivision (b)(2).

(1) The sections enumerated in subdivision (b)(2) shall apply to refund agreements and refund agreement administrators. In applying those sections, the terms vehicle service contract administrator, administrator and obligor shall instead mean refund agreement administrator, the word sold shall instead mean provided and the terms vehicle service contract and service contract shall instead mean refund agreement. The sections enumerated in subdivision (b)(2) shall be construed in accordance with the nature of refund agreement forms, refund agreement administrators, and the refund agreement business.

(2) The following sections shall apply and be interpreted pursuant to subdivision (b)(1): 12815(b); 12820(a), (b)(1), (b)(2), (b)(3) (A), (b)(3)(B), 12830(a), (a)(1), (a)(2), (b), (c), (d), (e); 12835; 12840; 12845; 12850; 12855.

(c) (1) The sections enumerated in subdivision (c)(2) shall apply to refund agreements and refund agreement obligors. In applying those sections, the terms vehicle service contract obligor and obligor shall instead mean refund agreement obligor, the word sold shall instead mean provided and the terms vehicle service contract and service contract shall instead mean refund agreement. The sections enumerated in subdivision (c)(2) shall be construed in accordance with the nature of refund agreement forms, refund agreement obligors, and the refund agreement business.

(2) The following sections shall apply and be interpreted pursuant to subdivision (c)(1): 12810(b); 12815(a); 12820(a), (b)(1), (b)(2), (3)(A), (3)(B); 12830(a), (a)(1), (a)(2), (b), (c), (d), (e); 12835; 12840; 12845; 12850; 12855.

(3) A refund agreement obligor may not promise any benefit other than a refund of some or all of the purchase price of a service contract if the purchaser does not file any claims, files a limited number of claims, or files claims the dollar amount of which does not exceed a set amount or percentage.

(4) No person other than a seller shall provide or offer to provide a refund agreement to a purchaser.

(Added by Stats. 2003, Ch. 439, Sec. 5. Effective January 1, 2004. Operative July 1, 2004, by Sec. 7 of Ch. 439.)