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March 25, 2025

To: The Honorable Pamela Beidle
Chair, Finance Committee

From: Karen S. Straughn
Consumer Protection Division

Re: House Bill 1046 – Insurance Protections for Vehicle Service Contracts (FAVORABLE)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 1046 submitted by Delegate Heather Bagnall. The bill would prohibit extended warranties from excluding coverage on claims simply because the auto manufacturer has issued a Technical Service Bulletin (TSB) related to the defect.

A TSB is a document that provides instructions to dealers for repairing non-safety related problems. TSBs are usually issued by manufacturers when a problem occurs in multiple vehicles that does not rise to the level of a recall. While manufacturers are required to notify consumers of a recall; manufacturers and dealers are not required to disclose TSBs to consumers. It is both unfair and unreasonable for an extended warranty to exclude or fail to pay a claim because of the existence of a TSB that the consumer had no reason to know about or that may have been issued prior to the consumer purchasing the vehicle.

Auto manufacturers create TSBs after receiving multiple complaints or warranty claims about a problem, even if they do not currently have a solution to that problem. They can apply to a specific model or an entire product line and generally include instructions for repairs, software updates or modifications.

These bulletins are issued to repair shops and dealerships, but most consumers are unaware when a TSB has been issued that may affect their vehicle. As a result, when a problem occurs, it is usually too late to take the necessary precautions to have the manufacturer or dealer repair the item described in the TSB. In addition, if the vehicle is outside of the manufacturer warranty, these may be very expensive to repair and leave a consumer with no recourse if the vehicle service contract denies coverage solely based on the existence of a TSB.

For these reasons, we ask that the Finance Committee issue a favorable report on this bill.

cc: The Honorable Heather Bagnall
Members, Finance Committee