



July 5, 2022

Via Email
regulations@dfpi.ca.gov
[REDACTED]@dfpi.ca.gov

Department of Financial Protection and Innovation
Attn: Sandra Navarro
300 S. Spring Street, Suite 15513
Los Angeles, CA 90013

Re: PRO 03-21 — Proposed Rulemaking Under the CCFPL: Consumer Complaints

Dear Ms. Navarro:

On behalf of the Service Contract Industry Council (“SCIC”), we thank you for the opportunity to provide comments on the Department of Financial Protection and Innovation’s proposed regulations creating Article 5 of the California Consumer Financial Protection Law regulations (the “Proposed Regulations”). SCIC is a national trade association comprised of manufacturers, service contract providers, administrators, and retailers offering service contracts covering motor vehicles, homes, and consumer goods throughout the country. We estimate that our member companies, which include Ford Motor Company, Ally Financial, American Home Shield, Phoenix American, Assurant, Asurion, Best Buy, CNA National Warranty Co., Automobile Protection Corporation, and Toyota Motor Insurance Services, Inc., among others, offer over 80% of service contracts available in the marketplace today.

SCIC understands that clear rules reflecting existing laws will benefit California’s consumers and covered persons alike. To add clarity and to better reflect the legislative intent, the SCIC would recommend revisions to the Proposed Regulations as described herein.

The Proposed Regulations are being promulgated pursuant to a legislative mandate in the California Financial Protection Law (“Law”). Section 90002 of the California Financial Code provides several exemptions from the applicability of the Law, including one exemption for licensees acting under the authority of another state agency’s license (“the licensee exemption”). Service Contract Providers are regulated by various other agencies. Motor vehicle service contracts and home protection warranties are each regulated by the California Department of

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Insurance through a rigorous licensing process. Similarly, service contracts on consumer goods are licensed and regulated by the Bureau of Household Goods and Services. As such, each type of service contract provider enjoys the licensee exemption created by the California Legislature.

Because service contract providers and other licensees are not subject to the statute under which these rules are promulgated, they would not be subject to the provisions of this Proposed Rule. We would ask that you incorporate the exemptions found in Section 90002 of the California Financial Code into the Proposed Regulations. One way to do this would be to incorporate the exemptions by reference into Section 1070 of the Proposed Regulations as follows:

Sections 1072, 1073, and 1074 of this Article shall not apply to:

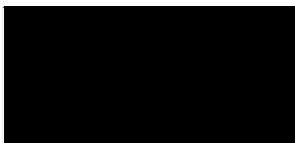
(a) a consumer reporting agency as defined by the Fair Credit Reporting Act (15 U.S.C. Sec. 1681a(f)), ~~or~~

(b) a student loan servicer as defined by Section 1788.100 of the Civil ~~Code~~. Code, or

(c) any person exempt from the California Financial Protection Law under Section 90002 of the California Financial Code.

Making this change would clarify that these Proposed Regulations are in line with the Law and the legislative intent of the legislative mandate under which these Proposed Regulations are promulgated.

Thank you for your consideration of our recommendations,



Tom Keepers

Executive Director - SCIC