

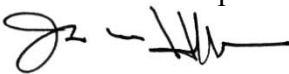
DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 11-07

Motor vehicle extended service contract producer licensing

Issued Dec. 16, 2011

To: Motor vehicle extended service contract producers
From: John M. Huff, Director 
Re: Motor vehicle extended service contract producer licensing

Due to problems in the motor vehicle extended service contract (MVESC) industry resulting in consumer harm and numerous lawsuits, the legislature passed and Governor Jeremiah W. (Jay) Nixon signed into law Senate Bill 132, which requires that certain individuals and businesses marketing MVESCs obtain a license from the DIFP. The new statute and its MVESC licensing provisions take effect Jan. 1, 2012, but the statute does not create or address a transition period between the current unlicensed MVESC marketplace and the post-Dec. 31 licensed and regulated marketplace.

The DIFP is charged with investigating license applications to ensure that only qualified applicants are granted licenses to sell MVESCs for the purpose of protecting consumers. Consistent with its statutory authority, the DIFP has created a process whereby a large number of licensing decisions will be publicly available on Jan. 1, 2012. However, given the number of applicants and the fact that some of these applications will require investigation, not every applicant will have a licensing decision on Jan. 1, 2012.

While Senate Bill 132 prohibits the selling of certain MVESCs without a license, DIFP has been made aware of significant concerns about applying that prohibition to those with pending but unresolved license applications. In order to accomplish a transition from an unlicensed marketplace to a licensed one and complete necessary applicant investigations, the DIFP will not take enforcement action against any licensure applicant solely for engaging in unlicensed MVESC activity if the DIFP receives a **complete application** from the individual or business entity MVESC producer on or before **Dec. 30, 2011**.

DIFP urges any MVESC applicant who has submitted an incomplete application to submit a complete application on or before Dec. 30, 2011.

This no-action bulletin does not insulate an applicant from enforcement action initiated by the DIFP unrelated to licensure status. When the DIFP has completed its investigation of an applicant, the applicant will be notified that the license has been granted or refused. At that point, this bulletin will no longer apply to that applicant. If the applicant is denied licensure, the applicant will again be subject to disciplinary or civil action by the DIFP for any unlicensed marketing of MVESCs.

If you have any questions, please call Andy Heitmann at 573-751-2619.