

Protecting Wisconsin Consumers for 75 Years

Rustproofing

Road salt on icy roads helps keep driving conditions safe for Wisconsin motorists, but what does it do to cars? Concerns about salt damage prompt many consumers to purchase vehicle rustproofing. However, differences in rustproofing contracts can create a blizzard of confusion for consumers.

Law protects consumers

Wisconsin's rustproofing law, Section 100.205, Wisconsin Statute, protects consumers from unfair and worthless warranties. Before the law was enacted, contracts contained too many loopholes that allowed rustproofers to deny claims. Other companies simply went out of business, leaving the consumer little recourse.

The law now requires rustproofing contract terms to be clearly spelled out. Contracts must provide information about the length and type of coverage, liability limits, transfer requirements and consumer responsibilities.

Rustproofers can no longer use the term "lifetime" in their warranties if they require periodic inspections. Warranties must be limited to the time preceding inspections if inspections are required to keep a contract valid. For example, if an inspection is required on a yearly basis, the warranty may be issued for a one-year term, but annually renewable for the life of the car.

The law also requires warranties to be transferable from one car owner to another, and companies must specifically state what is or isn't covered. Most companies exclude exhaust systems, chrome, surface rust, and rust caused by abrasion, collision or paint failure.

Consumer responsibilities

Some rustproofing contracts require periodic company inspections. Don't rely on notification from the company alone. Mark the inspection dates on your calendar so you remember them. In order to keep the contract valid, most firms

also require that you report any rust to the company.

For more information

For more information or to file a complaint, visit our website or contact the Bureau of Consumer Protection.

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CHAPTER 100 MARKETING; TRADE PRACTICES

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100.205 Motor vehicle rustproofing warranties. (1) In this section:

(a) “Advertisement” means any oral, written, printed or graphic statement, claim or representation concerning rustproofing which is made in connection with the solicitation or sale of rustproofing.

(b) “Retail customer” means the person for whom rustproofing is ultimately intended.

(c) “Rustproofing” means the application of materials and processes intended or represented to prevent or control rusting or corrosion of a motor vehicle as defined in s. 340.01 (35).

(d) “Seller” means any person who sells rustproofing to a retail customer, including a person who sells a motor vehicle which has rustproofing listed as an element of the total selling price, whether or not ordered by the retail customer.

(e) “Warranted party” means the retail customer or another person to whom warranty rights have been assigned or transferred under the warranty.

(f) “Warrantor” means any person who gives or offers to give a warranty.

(g) “Warranty” means any written representation, made to a retail customer, which asserts that the rustproofing will meet a specified level of performance or duration or establishes conditions under which the warrantor will compensate the retail customer or rectify any failure to meet the specified level of performance or duration.

(2) All rustproofing warranties shall be in writing and contain the following provisions:

(a) The duration of the warranty.

(b) Clear identification of all warrantors and their addresses, the name and address of the person to whom warranty claims are to be made and the place where inspection of the warranted motor vehicle is to be made.

(c) Each condition limiting the warranted party’s rights under the warranty.

(d) The name and address of the insurer of the warranty in the event of the warrantor’s insolvency or bankruptcy.

(3) No rustproofing warranty may contain:

(a) A limit on the number of claims which can be made under the warranty.

(b) A warrantor’s option of returning the purchase price in lieu of other remedies under the warranty.

(c) A limit on the liability of the warrantor for any reason relating to misapplication of the rustproofing product.

(d) An invalidation of the warranty on failure of the retail customer or the seller to register the warranty with the warrantor, if the retail customer or the seller has documentary proof that the rustproofing was paid for.

(e) An exclusion of warranty coverage for manufacturer defects unless the part of the motor vehicle excluded and the basis for exclusion is specified in the warranty.

(f) A limit on the transferability of a warranty during the specified term of the warranty.

(4) Nothing in this section prevents a warrantor from designating a representative to perform duties under the warranty or relieves a warrantor of his or her responsibilities to a warranted party. A representative designated to perform duties under a warranty is not a warrantor unless he or she gives or offers to give a warranty.

(5) (a) No person may make any warranty advertisement which is untrue, deceptive or misleading as provided in s. 100.18.

(b) The specified term of a warranty shall be limited to that period preceding an inspection by the warrantor which is required to maintain the validity or original coverage of the warranty.

(c) Use of “lifetime” or similar terms may not be used in an advertisement or warranty unless the term refers to the motor vehicle receiving the rustproofing and is not limited by the transfer of ownership of the motor vehicle.

(d) No warrantor may fail to have a motor vehicle inspected within 30 days after receiving a claim under the warranty, if the warranted party makes the motor vehicle available for inspection to the warrantor or the warrantor’s designee within that period. The inspection shall be within 30 miles of the place of business of the seller of the rustproofing, unless waived by the warranted party.

(e) No warrantor may fail to notify a warranted party in writing within 30 business days after inspecting the motor vehicle whether the warranty claim will be allowed or denied. If a claim is denied in whole or in part, the reason for that denial shall be stated in writing. Notification is effective on mailing the warrantor’s determination to the last address supplied to the warrantor by the warranted party or on personal delivery to the warranted party.

(f) No warrantor may fail to comply with the terms of its warranty.

(g) No warrantor or seller may impose a charge or require the purchase of any additional service by the warranted party in order to have an inspection completed if the continued validity of the warranty requires the inspection.

(6) Every warrantor shall purchase a policy of insurance covering the financial integrity of its warranties. The policy of insurance shall be on a form approved by the commissioner of insurance and shall have the following minimum provisions:

(a) The insurer shall be licensed to do business in this state or shall be an unauthorized foreign insurer, as defined in s. 600.03

(27), accepted by the office of the commissioner of insurance for surplus lines insurance in this state.

(b) Each warranty issued in this state shall be covered by a policy of insurance.

(c) In case of insolvency or bankruptcy of the warrantor, a warranted party may file a claim directly with the insurer.

(d) In case of insolvency or bankruptcy of the warrantor, the insurer, upon receipt of a claim, shall cause a warranted party’s vehicle to be inspected at the insurer’s expense.

(e) The termination provision shall state that the insurance provided shall continue with respect to all warranties issued before the date of termination.

(7) The department, or any district attorney on informing the department, may commence an action in circuit court in the name of the state to restrain by temporary or permanent injunction any violation of this section. The court may, before entry of final judgment and after satisfactory proof, make orders or judgments necessary to restore to any person any pecuniary loss suffered because of a violation of this section. The department may conduct hearings, administer oaths, issue subpoenas and take testimony to aid in its investigation of violations of this section.

(8) The department or any district attorney may commence an action in the name of the state to recover a forfeiture to the state of not more than \$10,000 for each violation of this section.

(9) (a) In addition to other remedies, any person injured by a violation of this section may bring a civil action for damages under s. 100.20 (5).

(b) Any person injured by a breach of a contract for rustproofing may bring an action against the warrantor or its insurer or both to recover damages, costs and disbursements, including reasonable attorney fees, and other relief determined by the court.

History: 1983 a. 428; 1985 a. 29; 1995 a. 27; 2007 a. 168.

Wisconsin law authorizes, but does not require, the commissioner of insurance to demand periodic reports from an insurer relating to rustproofing warranties it insures. The commissioner has authority to require an insurer to increase the amount of insurance backing a rustproofing’s warranties in Wisconsin. This section was not intended to negate the application of general insurance law to rustproofing warranties. 78 Atty. Gen. 113.

Remedies for motor vehicle purchasers. Nicks, WBB March, 1985.

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