

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An
2 act relating to insurance; amending, revising, and
3 consolidating the law providing for the incorporation of
4 insurance companies, and the regulation, supervision, and
5 protection of home and foreign insurance companies, Lloyds
6 associations, reciprocal and inter-insurance exchanges, and
7 fire insurance rating bureaus, and the regulation and
8 supervision of insurance carried by such companies,
9 associations, and exchanges, including insurance carried by
10 the State Workmen's Insurance Fund; providing penalties; and
11 repealing existing laws," in general provisions relating to
12 insurance companies, associations and exchanges, further
13 providing for service contract exclusion.

14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 Section 1. Section 358 of the act of May 17, 1921 (P.L.682,
17 No.284), known as The Insurance Company Law of 1921, added
18 October 7, 2010 (P.L.481, No.68), is amended to read:

19 Section 358. Service Contract Exclusion.--(a) The
20 marketing, sale, offering for sale, issuance, making, proposing
21 to make and administration of a service contract shall not be
22 construed to be the business of insurance and shall be exempt
23 from regulation as insurance.

1 (b) ["Service] For the purposes of this section, the term
2 "service contract" means a contract or an agreement for a
3 separately stated consideration for a specific duration:

4 (1) to perform the service, repair, replacement or
5 maintenance of property or indemnification for service, repair,
6 replacement or maintenance, for the operational or structural
7 failure due to a defect in materials, workmanship or normal wear
8 and tear with or without additional provisions for incidental
9 payment of indemnity under limited circumstances, including, but
10 not limited to, towing, rental and emergency road service[.
11 Service contracts may provide for];

12 (2) the repair or replacement of tires or wheels on a motor
13 vehicle damaged as a result of coming into contact with road
14 hazards;

15 (3) the removal of dents, dings or creases on a motor
16 vehicle that can be repaired using the process of paintless dent
17 removal without affecting the existing paint finish and without
18 replacing vehicle body panels, sanding, bonding or painting;

19 (4) the repair of chips or cracks in or the replacement of
20 motor vehicle windshields as a result of damage caused by road
21 hazards;

22 (5) the replacement of a motor vehicle key or key fob in the
23 event that the key or key fob becomes inoperable or is lost or
24 stolen;

25 (6) incidental costs resulting from the failure of an
26 ancillary antitheft protection product, such as a device or
27 system that is installed on or applied to a motor vehicle to
28 prevent loss or damage to the motor vehicle from theft. Such
29 products include, but are not limited to, alarm systems, body-
30 part-marking products, steering locks, window etch products,

1 pedal and ignition locks, fuel and ignition kill switches and
2 electronic, radio and satellite tracking devices;

3 (7) the service, repair, replacement or maintenance of
4 property for damage resulting from power surges or accidental
5 damage from handling, provided, however, that an insurance
6 company providing coverage or payment for towing, rental,
7 emergency road service or mechanical breakdown insurance shall
8 not be considered to be providing a service contract; and
9 further provided that automobile club coverage or payment of
10 towing, rental or emergency road service shall not be considered
11 a service contract and shall not be regulated as insurance[.];
12 or

13 (8) any other service which may be approved by the
14 commissioner, if not inconsistent with other provisions of this
15 section.

16 The term does not include a contract or agreement to provide for
17 the repair of or indemnification for the repair of a motor
18 vehicle due to loss or damage resulting from the failure of a
19 fuel or oil additive or other chemical applied to the engine,
20 transmission or fuel system of a motor vehicle.

21 Section 2. This act shall take effect in 60 days.