

INSURANCE COMPANY LAW OF 1921 - MARKETING AND ADMINISTRATION OF
SERVICE CONTRACTS BEING DISTINCT FROM BUSINESS OF INSURANCE
Act of Oct. 7, 2010, P.L. 481, No. 68 Cl. 40
Session of 2010
No. 2010-68

HB 1774

AN ACT

Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," providing for marketing and administration of service contracts being distinct from the business of insurance.

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

Section 1. The act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921, is amended by adding a section to read:

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

(b) " Service contract " means a contract or an agreement for a separately stated consideration for a specific duration to perform the service, repair, replacement or maintenance of property or indemnification for service, repair, replacement or maintenance, for the operational or structural failure due to a defect in materials, workmanship or normal wear and tear with or without additional provisions for incidental payment of indemnity under limited circumstances, including, but not limited to, towing, rental and emergency road service . Service contracts may provide for the service, repair, replacement or maintenance of property for damage resulting from power surges or accidental damage from handling, provided, however, that an insurance company providing coverage or payment for towing, rental, emergency road service or mechanical breakdown insurance shall not be considered to be providing a service contract; and further provided that automobile club coverage or payment of towing, rental or emergency road service shall not be considered a service contract and shall not be regulated as insurance .

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

APPROVED--The 7th day of October, A.D. 2010.

EDWARD G. RENDELL