

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1774 Session of 2009

INTRODUCED BY BOYD, BEYER, CREIGHTON, DeLUCA, DENLINGER,  
 FAIRCHILD, GINGRICH, GODSHALL, MICOZZIE, O'NEILL, PYLE AND  
 VULAKOVICH, JUNE 24, 2009

REFERRED TO COMMITTEE ON INSURANCE, JUNE 24, 2009

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," further providing for marketing and  
 12 administration of service contracts being distinct from the  
 13 business of insurance.

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

16 Section 1. The act of May 17, 1921 (P.L.682, No.284), known  
 17 as The Insurance Company Law of 1921, is amended by adding a  
 18 section 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 contract" means a contract or an agreement for  
2 a separately stated consideration for a specific duration to  
3 perform the service, repair, replacement or maintenance of  
4 property or indemnification for service, repair, replacement or  
5 maintenance, for the operational or structural failure due to a  
6 defect in materials, workmanship or normal wear and tear with or  
7 without additional provisions for incidental payment of  
8 indemnity under limited circumstances, including, but not  
9 limited to, towing, rental and emergency road service, but not  
10 including mechanical breakdown insurance. Service contracts may  
11 provide for the service, repair, replacement or maintenance of  
12 property for damage resulting from power surges or accidental  
13 damage from handling.

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