

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

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
JUNE 30, 2010

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

1 from regulation as insurance.

2 (b) "Service contract" means a contract or an agreement for
3 a separately stated consideration for a specific duration to
4 perform the service, repair, replacement or maintenance of
5 property or indemnification for service, repair, replacement or
6 maintenance, for the operational or structural failure due to a
7 defect in materials, workmanship or normal wear and tear with or
8 without additional provisions for incidental payment of
9 indemnity under limited circumstances, including, but not
10 limited to, towing, rental and emergency road service, but not ←
11 including mechanical breakdown insurance. Service contracts may
12 provide for the service, repair, replacement or maintenance of
13 property for damage resulting from power surges or accidental
14 damage from handling, PROVIDED, HOWEVER, THAT AN INSURANCE ←
15 COMPANY PROVIDING COVERAGE OR PAYMENT FOR TOWING, RENTAL,
16 EMERGENCY ROAD SERVICE OR MECHANICAL BREAKDOWN INSURANCE SHALL
17 NOT BE CONSIDERED TO BE PROVIDING A SERVICE CONTRACT; AND
18 FURTHER PROVIDED THAT AUTOMOBILE CLUB COVERAGE OR PAYMENT OF
19 TOWING, RENTAL OR EMERGENCY ROAD SERVICE SHALL NOT BE CONSIDERED
20 A SERVICE CONTRACT AND SHALL NOT BE REGULATED AS INSURANCE.

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