
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1334 Session of
2010

INTRODUCED BY D. WHITE, STACK, WILLIAMS, M. WHITE, PILEGGI, WAUGH, MENSCH AND
WARD, APRIL 27, 2010

REFERRED TO BANKING AND INSURANCE, APRIL 27, 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
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 repair, replacement or maintenance of property or
4 indemnification for repair, replacement or maintenance, for the
5 operational or structural failure due to a defect in materials,
6 workmanship or normal wear and tear with or without additional
7 provisions for incidental payment of indemnity under limited
8 circumstances, including, but not limited to, towing, rental and
9 emergency road service. Service contracts may provide for the
10 repair, replacement or maintenance of property for damage
11 resulting from power surges or accidental damage from handling.

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