



Rep. Robert Martwick

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1 AMENDMENT TO HOUSE BILL 3072

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 3072 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by  
5 changing Section 155.39 as follows:

6 (215 ILCS 5/155.39)

7 Sec. 155.39. Vehicle protection products.

8 (a) As used in this Section:

9 "Administrator" means a third party other than the  
10 warrantor who is designated by the warrantor to be responsible  
11 for the administration of vehicle protection product  
12 warranties.

13 "Incidental costs" means expenses specified in the vehicle  
14 protection product warranty incurred by the warranty holder  
15 related to the failure of the vehicle protection product to  
16 perform as provided in the warranty. Incidental costs may

1 include, without limitation, insurance policy deductibles,  
2 rental vehicle charges, the difference between the actual value  
3 of the stolen vehicle at the time of theft and the cost of a  
4 replacement vehicle, sales taxes, registration fees,  
5 transaction fees, and mechanical inspection fees.

6 "Vehicle protection product" means a protective chemical,  
7 substance, ~~vehicle protection~~ device, system, or service that  
8 is (i) installed on or applied to a vehicle, and (ii) ~~is~~  
9 designed to prevent loss or damage to a vehicle from a specific  
10 cause, ~~(iii) includes a written warranty by a warrantor that~~  
11 ~~provides if the vehicle protection product fails to prevent~~  
12 ~~loss or damage to a vehicle from a specific cause, that the~~  
13 ~~warranty holder shall be paid specified incidental costs by the~~  
14 ~~warrantor as a result of the failure of the vehicle protection~~  
15 ~~product to perform pursuant to the terms of the warranty, and~~  
16 ~~(iv) the warrantor's liability is covered by a warranty~~  
17 ~~reimbursement insurance policy.~~ The term "vehicle protection  
18 product" shall include, without limitation, protective  
19 chemicals, alarm systems, body part marking products, steering  
20 locks, window etch products, pedal and ignition locks, fuel and  
21 ignition kill switches, and electronic, radio, and satellite  
22 tracking devices. "Vehicle protection product" does not  
23 include fuel additives, oil additives, or other chemical  
24 products applied to the engine, transmission, or fuel system of  
25 a motor vehicle.

26 "Vehicle protection product warrantor" or "warrantor"

1 means a person who is contractually obligated to the warranty  
2 holder under the terms of a ~~the~~ vehicle protection product  
3 warranty. "Warrantor" ~~Warrantor~~ does not include an authorized  
4 insurer.

5 "Vehicle protection product warranty" means a written  
6 warranty by a vehicle protection product warrantor that (i) is  
7 included, for no separate and identifiable consideration, with  
8 the purchase of a vehicle protection product sold or offered  
9 for sale in this State and (ii) provides if the vehicle  
10 protection product fails to prevent loss or damage to a vehicle  
11 from a specific cause, that the warranty holder shall be paid  
12 specified incidental costs by the warrantor as a result of the  
13 failure of the vehicle protection product to perform pursuant  
14 to the terms of the warranty.

15 "Warranty reimbursement insurance policy" means a policy  
16 of insurance issued to the vehicle protection product warrantor  
17 to pay on behalf of the warrantor all covered contractual  
18 obligations incurred by the warrantor under the terms and  
19 conditions of the insured vehicle protection product  
20 warranties sold by the warrantor. The warranty reimbursement  
21 insurance policy shall be issued by an insurer authorized to do  
22 business in this State that has filed its policy form with the  
23 Department.

24 (a-5) A vehicle protection product warrantor's liabilities  
25 under a vehicle protection product warranty shall be covered by  
26 a warranty reimbursement insurance policy.

1 (b) No vehicle protection product warranty sold or offered  
2 for sale in this State shall be subject to the provisions of  
3 this Code. Vehicle protection product warranties are express  
4 warranties and not insurance.

5 Vehicle protection product warrantors and related vehicle  
6 protection product sellers and warranty administrators  
7 ~~complying with this Section~~ are not required to comply with and  
8 are not subject to any other provision of this Code. ~~The~~  
9 ~~vehicle protection products' written warranties are express~~  
10 ~~warranties and not insurance.~~

11 (c) This Section applies to all vehicle protection products  
12 sold or offered for sale prior to, on, or after the effective  
13 date of this amendatory Act of the 93rd General Assembly. The  
14 enactment of this Section does not imply that vehicle  
15 protection products should have been subject to regulation  
16 under this Code prior to the enactment of this Section. The  
17 changes made to this Section by this amendatory Act of the  
18 100th General Assembly do not imply that vehicle protection  
19 products and vehicle protection product warranties should have  
20 been subject to regulation under this Code prior to this  
21 amendatory Act of the 100th General Assembly.

22 (Source: P.A. 95-331, eff. 8-21-07.)

23 Section 10. The Service Contract Act is amended by changing  
24 Sections 5 and 35 as follows:

1 (215 ILCS 152/5)

2 Sec. 5. Definitions.

3 "Department" means the Department of Insurance.

4 "Director" means the Director of Insurance.

5 "Road hazard" means a hazard that is encountered while  
6 driving a motor vehicle, including, but not limited to,  
7 potholes, rocks, wood debris, metal parts, glass, plastic,  
8 curbs, and composite scraps.

9 "Service contract" means a contract or agreement whereby a  
10 service contract provider undertakes for a specified period of  
11 time, for separate and identifiable consideration, to perform  
12 the repair, replacement, or maintenance, or indemnification  
13 for such services, of any automobile, system, or consumer  
14 product in connection with the operational or structural  
15 failure due to a defect in materials or workmanship, or normal  
16 wear and tear, with or without additional provision for  
17 incidental payment or indemnity under limited circumstances,  
18 for related expenses, including, but not limited to, towing,  
19 rental, and emergency road service. Service contracts may  
20 provide for:

21 (1) the repair, replacement, or maintenance of such  
22 property for damage resulting from power surges and  
23 accidental damage from handling;

24 (2) the repair or replacement of tires or wheels, or  
25 both, on a motor vehicle damaged as the result of coming  
26 into contact with road hazards;

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

6 (4) the repair of chips or cracks in or the replacement  
7 of motor vehicle windshields as a result of damage caused  
8 by road hazards;

9 (5) the replacement of a motor vehicle key or key-fob  
10 in the event that the key or key-fob becomes inoperable or  
11 is lost or stolen;

12 (6) the payment of specified incidental costs in the  
13 event that a vehicle protection product ~~a protective~~  
14 ~~chemical, substance, device, or system that (A) is~~  
15 ~~installed on or applied to a motor vehicle, (B) is designed~~  
16 ~~to prevent loss or damage to a motor vehicle from a~~  
17 ~~specific cause, and (C) includes a written product warranty~~  
18 ~~providing for payment to or on behalf of the warranty~~  
19 ~~holder's incidental costs in the event that the product~~  
20 fails to prevent loss or damage as specified; the  
21 reimbursement of incidental costs ~~under the warranty~~ must  
22 be tied to the purchase of a physical product that is  
23 formulated or designed to make the specified loss or damage  
24 less likely to occur; or

25 (7) other services that may be approved by the  
26 Director, if not inconsistent with other provisions of this

1 Act.

2 Service contracts shall not include:

3 (i) contracts of limited duration that provide for  
4 scheduled maintenance only;

5 (ii) fuel additives, oil additives, or other chemical  
6 products applied to the engine, transmission, or fuel  
7 system of a motor vehicle;

8 (iii) coverage for the repair or replacement, or both,  
9 of damage to the interior surfaces of a vehicle, or for  
10 repair or replacement, or both, of damage to the exterior  
11 paint or finish of a vehicle; however, such coverage may be  
12 offered in connection with the sale of a vehicle protection  
13 product; and

14 (iv) a vehicle product protection warranty included,  
15 for no separate and identifiable consideration, with the  
16 purchase of a vehicle protection product ~~protective~~  
17 ~~chemical, device, or system described in item (6) of this~~  
18 ~~definition.~~

19 "Service contract holder" means the person who purchases a  
20 service contract or a permitted transferee.

21 "Service contract provider" means a person who is  
22 contractually obligated to the service contract holder under  
23 the terms of the service contract. A service contract provider  
24 does not include an insurer.

25 "Service contract reimbursement insurance policy" means a  
26 policy of insurance that is issued to the service contract

1 provider to provide reimbursement to the service contract  
2 provider or to pay on behalf of the service contract provider  
3 all covered contractual obligations incurred by the service  
4 contract provider under the terms and conditions of the insured  
5 service contracts issued or sold by the service contract  
6 provider.

7 "System" means the heating, cooling, plumbing, electrical,  
8 ventilation, or any other similar system of a home.

9 "Vehicle protection product" has the same meaning as that  
10 term is defined in subsection (a) of Section 155.39 of the  
11 Illinois Insurance Code.

12 "Vehicle protection product warranty" has the same meaning  
13 as that term is defined in subsection (a) of Section 155.39 of  
14 the Illinois Insurance Code.

15 (Source: P.A. 98-222, eff. 1-1-14.)

16 (215 ILCS 152/35)

17 Sec. 35. Cancellation and refunds.

18 (a) No service contract may be issued, sold, or offered for  
19 sale in this State unless the service contract clearly states  
20 that the service contract holder is allowed to cancel the  
21 service contract. If the service contract holder elects  
22 cancellation, the service contract provider may retain a  
23 cancellation fee not to exceed the lesser of 10% of the service  
24 contract price or \$50. The service contract cancellation  
25 provision must provide that the service contract may be



1 cancelled:

2 (1) within 30 days after its purchase if no service has  
3 been provided and that a full refund of the service contract  
4 consideration, less any cancellation fee stated in the service  
5 contract will be paid to the service contract holder; or

6 (2) at any other time and a pro rata refund of the service  
7 contract consideration for the unexpired term of the service  
8 contract, based on the number of elapsed months, miles, hours,  
9 or such other reasonably applicable measure which is clearly  
10 disclosed in the service contract, less the value of any  
11 service received, and any cancellation fee stated in the  
12 service contract will be paid to the service contract holder.

13 (b) In the event of the cancellation of a service contract  
14 that includes the coverage described in paragraph (6) of the  
15 definition of "service contract" in Section 5 of this Act, the  
16 service contract provider is not required to, but may, refund  
17 the purchase price of the vehicle protection product. The  
18 coverage described in paragraph (6) of the definition of  
19 "service contract" in Section 5 of this Act may not be offered  
20 as or within a service contract unless the service contract  
21 clearly states whether the service contract holder is entitled  
22 to a refund of the purchase price of the vehicle protection  
23 product and, if applicable, the terms of such refund.

24 (Source: P.A. 90-711, eff. 8-7-98.)".