

1 AN ACT relating to insurance.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

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

6 (215 ILCS 5/155.39 new)

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
11 responsible for the administration of vehicle protection
12 product warranties.

13 "Incidental costs" means expenses specified in the
14 vehicle protection product warranty incurred by the warranty
15 holder related to the failure of the vehicle protection
16 product to perform as provided in the warranty. Incidental
17 costs may include, without limitation, insurance policy
18 deductibles, rental vehicle charges, the difference between
19 the actual value of the stolen vehicle at the time of theft
20 and the cost of a replacement vehicle, sales taxes,
21 registration fees, transaction fees, and mechanical
22 inspection fees.

23 "Vehicle protection product" means a vehicle protection
24 device, system, or service that is (i) installed on or
25 applied to a vehicle, (ii) is designed to prevent loss or
26 damage to a vehicle from a specific cause, (iii) includes a
27 written warranty by a warrantor that provides if the vehicle
28 protection product fails to prevent loss or damage to a
29 vehicle from a specific cause, that the warranty holder shall
30 be paid specified incidental costs by the warrantor as a
31 result of the failure of the vehicle protection product to

1 perform pursuant to the terms of the warranty, and (iv) the
 2 warrantor's liability is covered by a warranty reimbursement
 3 insurance policy. The term "vehicle protection product" shall
 4 include, without limitation, alarm systems, body part marking
 5 products, steering locks, window etch products, pedal and
 6 ignition locks, fuel and ignition kill switches, and
 7 electronic, radio, and satellite tracking devices.

8 "Vehicle protection product warrantor" or "warrantor"
 9 means a person who is contractually obligated to the warranty
 10 holder under the terms of the vehicle protection product.
 11 Warrantor does not include an authorized insurer.

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

21 (b) No vehicle protection product sold or offered for
 22 sale in this State shall be subject to the provisions of this
 23 Code. Vehicle protection product warrantors and related
 24 vehicle protection product sellers and warranty
 25 administrators complying with this Section are not required
 26 to comply with and are not subject to any other provision of
 27 this Code. The vehicle protection products' written
 28 warranties are express warranties and not insurance.

29 (c) This Section applies to all vehicle protection
 30 products sold or offered for sale prior to, on, or after the
 31 effective date of this amendatory Act of the 93rd General
 32 Assembly. The enactment of this Section does not imply that
 33 vehicle protection products should have been subject to
 34 regulation under this Code prior to the enactment of this

1 Section.

2 Section 99. Effective date. This Act takes effect upon

3 becoming law.