

1 AN ACT concerning service contracts.

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

4 Section 5. The Service Contract Act is amended by
5 changing Section 20 as follow:

6 (215 ILCS 152/20)

7 Sec. 20. Reimbursement policy; required provisions.

8 (a) ~~A~~ No service contract reimbursement insurance policy
9 may not ~~shall~~ be issued, sold, or offered for sale in this
10 State unless the policy states that the issuer of the policy
11 will reimburse or pay on behalf of the service contract
12 provider all covered sums which the service contract provider
13 is legally obligated to pay or will provide the service that
14 the service contract provider is legally obligated to perform
15 according to the service contract provider's contractual
16 obligations under the provisions of the insured service
17 contracts issued or sold by the service contract provider.

18 (b) If covered service is not provided by the service
19 contract provider within 60 days of proof of loss by the
20 service contract holder, the service contract holder may
21 file directly with the insurance company writing the service
22 contract reimbursement insurance policy.

23 (c) A service contract reimbursement insurance company
24 that insures a service contract shall be deemed to have
25 received payment of the premium if the service contract
26 holder paid for the service contract coverage.

27 (d) If a service contract is canceled by a service
28 contract holder, the service contract reimbursement insurance
29 company shall be required to return the unearned service
30 contract reimbursement insurance premium for that contract to
31 the insured service contract provider. If the service

1 contract provider fails to refund the amounts required under
2 Section 35 of this Act, the service contract reimbursement
3 insurance company shall be responsible for the refund to the
4 service contract holder.

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