

# SB2771



## 99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB2771

Introduced 2/17/2016, by Sen. Michael E. Hastings

### SYNOPSIS AS INTRODUCED:

215 ILCS 5/155.39

Amends the Illinois Insurance Code. Provides that no vehicle protection product sold or offered for sale in this State shall be subject to the Service Contract Act.

LRB099 17213 EGJ 41571 b

A BILL FOR

1 AN ACT concerning regulation.

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 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  
17 include, without limitation, insurance policy deductibles,  
18 rental vehicle charges, the difference between the actual value  
19 of the stolen vehicle at the time of theft and the cost of a  
20 replacement vehicle, sales taxes, registration fees,  
21 transaction fees, and mechanical inspection fees.

22 "Vehicle protection product" means a vehicle protection  
23 device, system, or service that is (i) installed on or applied

1 to a vehicle, (ii) is designed to prevent loss or damage to a  
2 vehicle from a specific cause, (iii) includes a written  
3 warranty by a warrantor that provides if the vehicle protection  
4 product fails to prevent loss or damage to a vehicle from a  
5 specific cause, that the warranty holder shall be paid  
6 specified incidental costs by the warrantor as a result of the  
7 failure of the vehicle protection product to perform pursuant  
8 to the terms of the warranty, and (iv) the warrantor's  
9 liability is covered by a warranty reimbursement insurance  
10 policy. The term "vehicle protection product" shall include,  
11 without limitation, alarm systems, body part marking products,  
12 steering locks, window etch products, pedal and ignition locks,  
13 fuel and ignition kill switches, and electronic, radio, and  
14 satellite tracking devices.

15 "Vehicle protection product warrantor" or "warrantor"  
16 means a person who is contractually obligated to the warranty  
17 holder under the terms of the vehicle protection product.  
18 Warrantor does not include an authorized insurer.

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

1 Department.

2 (b) No vehicle protection product sold or offered for sale  
3 in this State shall be subject to the provisions of this Code  
4 or the Service Contract Act.

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.

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