

AN ACT relating to insurance.

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

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

(215 ILCS 5/155.39 new)

Sec. 155.39. Vehicle protection products.

(a) As used in this Section:

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

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

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

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

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

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

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

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

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Section.

Section 99. Effective date. This Act takes effect upon becoming law.