

AN ACT concerning insurance.

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

Section 5. The Service Contract Act is amended by changing Section 5 as follows:

(215 ILCS 152/5)

Sec. 5. Definitions.

"Department" means the Department of Insurance.

"Director" means the Director of Insurance.

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

"Service Contract" means a contract or agreement whereby a service contract provider undertakes for a specified period of time, for separate and identifiable consideration, to perform the repair, replacement, or maintenance, or indemnification for such services, of any automobile, system, or consumer product in connection with the operational or structural failure due to a defect in materials or workmanship, or normal wear and tear, with or without additional provision for incidental payment or indemnity under limited circumstances, for related expenses, including, but not limited to, towing,

rental, and emergency road service. Service contracts may provide for:

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

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

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

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

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

(6) a protective chemical, substance, device, or system that (A) is installed on or applied to a motor vehicle, (B) is designed to prevent loss or damage to a motor vehicle from a specific cause, and (C) includes a written product warranty providing for payment to or on behalf of the warranty holder's incidental costs in the event that the product fails to prevent loss or damage as

specified; the reimbursement of incidental costs under the warranty must be tied to the purchase of a physical product that is formulated or designed to make the specified loss or damage less likely to occur; or

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

Service contracts shall not include:

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

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

(iii) coverage for the repair or replacement, or both, of damage to the interior surfaces of a vehicle, or for repair or replacement, or both, of damage to the exterior paint or finish of a vehicle; however, such coverage may be offered in connection with the sale of a protective chemical, device, or system described in item (6) of this definition.

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

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

"Service contract reimbursement insurance policy" means a policy of insurance that is issued to the service contract provider to provide reimbursement to the service contract provider or to pay on behalf of the service contract provider all covered contractual obligations incurred by the service contract provider under the terms and conditions of the insured service contracts issued or sold by the service contract provider.

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

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