

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO COMMERCIAL LAW--GENERAL REGULATORY PROVISIONS --
SERVICE CONTRACTS

Introduced By: Representatives Jacquard, Chippendale, and Kennedy

Date Introduced: February 27, 2019

Referred To: House Corporations

It is enacted by the General Assembly as follows:

SECTION 1. Title 6 of the General Laws entitled "COMMERCIAL LAW - GENERAL
REGULATORY PROVISIONS" is hereby amended by adding thereto the following chapter:

CHAPTER 56

SERVICE CONTRACTS

6-56-1. Definitions.

For purposes of this section, the following terms shall have the following meanings:

(1) "Consumer product" means any tangible personal property that is distributed in commerce and is normally used for personal, family, or household purposes, including a motor vehicle, and any tangible personal property intended to be attached to or installed in any real property without regard to whether it is so attached or installed.

(2) "Incidental costs" means expenses specified in a vehicle theft protection program warranty that are incurred by the warranty holder due to the failure of a vehicle theft protection program to perform as provided in the contract. Incidental costs may be reimbursed in either a fixed amount specified in the vehicle theft protection program warranty or by use of a formula itemizing specific incidental costs incurred by the warranty holder.

(3) "Maintenance agreement" means a contract of limited duration that provides for scheduled maintenance only.

(4) "Road hazard" means a hazard that is encountered while driving a motor vehicle and

which may include, but not be limited to, potholes, rocks, wood debris, metal parts, glass, plastic, curbs, or composite scraps.

(5) "Service contract" means a contract or agreement for a separately stated consideration for any duration to perform the repair, replacement or maintenance of a consumer product or indemnification for the same, for the operational or structural failure of a consumer product due to a defect in materials, workmanship, accidental damage from handling, or normal wear and tear, with or without additional provisions for incidental payment of indemnity under limited circumstances, including, but not limited to, towing, rental and emergency road service and road hazard protection. Service contracts may provide for the repair, replacement, or maintenance of a consumer product for damage resulting from power surges or interruption. "Service contract" also includes a contract or agreement sold for a separately stated consideration for a specific duration that provides for any of the following:

(i) The repair or replacement or indemnification for the repair or replacement of a motor vehicle for the operational or structural failure of one or more parts or systems of the motor vehicle brought about by the failure of an additive product to perform as represented;

(ii) The repair or replacement of tires or wheels on a motor vehicle damaged as a result of coming into contact with road hazards;

(iii) 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;

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

(v) 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; or

(vi) Other services or products which may be approved by the director of the department of business regulation.

(6) "Vehicle theft protection product" means a device or system that:

(i) Is installed on or applied to a motor vehicle;

(ii) Is designed to prevent loss or damage to a motor vehicle from theft; and

(iii) Includes a vehicle theft protection program warranty. Vehicle theft protection product does not include fuel additives, oil additives, or other chemical products applied to the engine, transmission, or fuel system, or interior or exterior surfaces of a motor vehicle.

(7) "Vehicle theft protection product warranty" means a written agreement by a warrantor that provides if the vehicle theft protection product fails to prevent loss or damage to a motor

1 vehicle from theft, that the warrantor will pay to or on behalf of the warranty holder specified
2 incidental costs as a result of the failure of the vehicle theft protection product to perform
3 pursuant to the terms of the vehicle theft protection product warranty.

4 **6-56-2. Service contracts.**

5 The offering, sale, or issuance of a service contract, vehicle theft protection product
6 warranty, or maintenance agreement shall not be considered insurance or subject to the insurance
7 laws of this state unless made expressly applicable thereto.

8 SECTION 2. This act shall take effect on January 1, 2020.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO COMMERCIAL LAW--GENERAL REGULATORY PROVISIONS --
SERVICE CONTRACTS

- 1 This act would define service contracts and clarify that service contracts are not insurance
- 2 and not otherwise subject to the insurance code.
- 3 This act would take effect on January 1, 2020.

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