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House Bill 4467 (Substitute H-5 as passed by the House)
Sponsor: Representative Frank D. Foster
House Committee: Insurance
Senate Committee: Insurance

Date Completed: 3-4-14

CONTENT

The bill would amend the Insurance Code to provide that a service contract would not be insurance or the business of insurance and would not be subject to the Code. The bill would define "service contract" as a written contract that is sold for stated consideration for a specific duration that provides any of the following:

- Reimbursement for the repair, replacement, or maintenance of a consumer product because of the operational or structural failure of the product due to a defect in material or workmanship; accidental damage from handling, power surge, or interruption; or normal wear and tear, with or without additional provisions for incidental payment of indemnity under limited circumstances, including towing, rental, and emergency road services.
- Repair, replacement, or indemnification for repair or replacement of a motor vehicle for the operational or structural failure of one or more parts or systems of the vehicle brought about by the failure of an additive product to perform as represented.
- Repair or replacement of tires or wheels on a motor vehicle damaged as a result of coming into contact with road hazards, including potholes, rocks, curbs, wood debris, metal parts, plastic, composite scraps, or glass.
- 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.
- Repair of small motor vehicle windshield chips or cracks or, if the windshield cannot be repaired, the replacement of the windshield.
- Replacement of an inoperable, lost, or stolen motor vehicle key or key fob.

The bill would define "consumer product" as "any tangible personal property that is distributed in commerce and is normally used for personal, family, or household purposes, including 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".

Proposed MCL 500.125

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Glenn Steffens

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.