

CS FOR HOUSE BILL NO. 120(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 3/20/03

Referred: Rules

Sponsor(s): REPRESENTATIVE COGHILL

A BILL

FOR AN ACT ENTITLED

1 **"An Act excluding service contracts from regulation as insurance; relating to insurance**
2 **licensing for motor vehicle service contracts or home warranties; and providing for an**
3 **effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 *** Section 1.** AS 21.03.021 is amended by adding a new subsection to read:

6 (e) This title does not apply to a service contract offered, issued for delivery,
7 delivered, or renewed in this state. In this subsection, "service contract"

8 (1) means a contract or agreement for a separate or additional
9 consideration, for a specific duration, to

10 (A) maintain, service, repair, or replace tangible personal
11 property, or to indemnify for repair, replacement, or maintenance, for an
12 operational or structural failure due to a defect in materials or workmanship or
13 normal wear and tear, with or without additional provision for incidental
14 indemnity payments when service, repair, or replacement is not reasonably or

1 commercially feasible;

2 (B) repair, replace, or maintain tangible personal property
3 damaged as a result of power surges or as a result of accidental damage from
4 the handling of property damaged by power surges;

5 (C) repair, replace, or maintain household consumer goods,
6 household appliances, and household systems, including damage resulting
7 from operational or structural failure due to a defect in materials or
8 workmanship or normal wear and tear;

9 (D) provide prepaid legal services;

10 (2) does not include

11 (A) mechanical breakdown insurance;

12 (B) a contract that requires an indemnity payment per incident
13 and the payment exceeds the purchase price of the property serviced;

14 (C) retainers paid to licensed attorneys;

15 (D) insurance on a motor vehicle subject to registration under
16 AS 28.10.011; or

17 (E) a home warranty, except as described under (1)(C) of this
18 subsection.

19 * **Sec. 2.** AS 21.27.010(h) is amended to read:

20 (h) This chapter does not apply to a person

21 (1) licensed to practice as an attorney at law while the person is acting
22 as an attorney at law; or

23 (2) who sells, solicits, or negotiates a service contract on a motor
24 vehicle subject to registration under AS 28.10.011 or who sells, solicits, or
25 negotiates a home warranty.

26 * **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).