



**State of Tennessee**  
**PUBLIC CHAPTER NO. 71**

**SENATE BILL NO. 1569**

**By Ketron**

Substituted for: House Bill No. 1977

**By Sargent**

AN ACT to amend Tennessee Code Annotated, Title 56, relative to service contracts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 2, is amended by adding the following language as a new, appropriately designated section thereto:

(a) The marketing, sale, offering for sale, issuance, making, proposing to make and administration of a service contract shall not be construed to be the business of insurance and shall be exempt from regulation as insurance pursuant to this title.

(b) For purposes of this section, "service contract" means a contract or agreement for a separately stated consideration for a specific duration to perform the service, repair, replacement or maintenance of property or indemnification for service, repair, replacement or maintenance, for the operational or structural failure due to a defect in materials, workmanship, 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, road hazard and emergency road service. "Service contract" shall include motor vehicle extended service contracts and agreements. Service contracts may provide for the service, repair, replacement, or maintenance of property for damage resulting from power surges and accidental damage from handling.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

SENATE BILL NO. 1569

PASSED: March 28, 2011

  
\_\_\_\_\_  
RON RAMSEY  
SPEAKER OF THE SENATE

  
\_\_\_\_\_  
BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 12<sup>th</sup> day of April 2011

  
\_\_\_\_\_  
BILL HASLAM, GOVERNOR