



130th MAINE LEGISLATURE

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Legislative Document

No. 1347

S.P. 429

In Senate, March 30, 2021

**An Act To Clarify That Commercial Service Contracts Are
Excluded from the Service Contracts Act**

Reference to the Committee on Health Coverage, Insurance and Financial Services
suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by President JACKSON of Aroostook.
Cosponsored by Senator: DAVIS of Piscataquis, Representative: MARTIN of Sinclair.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 24-A MRSA §7101, sub-§3, ¶G,** as enacted by PL 2011, c. 345, §4 and
3 affected by §7, is amended to read:

4 G. Home service contracts under section 3, subsection 3; ~~and~~

5 **Sec. 2. 24-A MRSA §7101, sub-§3, ¶H,** as enacted by PL 2011, c. 345, §4 and
6 affected by §7, is amended to read:

7 H. Warranties, service contracts and maintenance agreements that are conditioned
8 upon or otherwise associated with the sale or supply of heating fuel; and

9 **Sec. 3. 24-A MRSA §7101, sub-§3, ¶I** is enacted to read:

10 I. Commercial service contracts.

11 **Sec. 4. 24-A MRSA §7102, sub-§1-A** is enacted to read:

12 **1-A. Commercial service contract.** "Commercial service contract" means a service
13 contract to which none of the parties is a consumer and does not involve property that is
14 normally used for personal, family or household purposes.

15 **Sec. 5. 24-A MRSA §7102, sub-§11, ¶A,** as enacted by PL 2011, c. 345, §4 and
16 affected by §7, is amended to read:

17 A. The repair or replacement or indemnification for the repair or replacement of a
18 motor vehicle or other machinery or equipment for the operational or structural failure
19 of one or more parts or systems of the motor vehicle or other machinery or equipment
20 brought about by the failure of an additive product to perform as represented;

21 **Sec. 6. 24-A MRSA §7102, sub-§11,** as enacted by PL 2011, c. 345, §4 and
22 affected by §7, is amended by amending the first blocked paragraph to read:

23 Notwithstanding any other provision of law, service contracts are not insurance in this State
24 and may not be regulated as insurance except for a contract or agreement providing
25 indemnification for a loss caused by misplacement, theft, collision, fire or other peril
26 typically covered in the comprehensive section of an automobile insurance policy or by a
27 homeowner's policy or a marine or inland marine policy issued to a consumer or insuring
28 consumer goods. Commercial service contracts are not insurance in this State and may not
29 be regulated as insurance and are not otherwise subject to the provisions of this chapter.

30 **SUMMARY**

31 This bill amends the Service Contracts Act to define "commercial service contract" as
32 a service contract in which none of the parties to the contract is a consumer and which does
33 not involve property normally used for personal, family or household purposes. The bill
34 clarifies that a commercial service contract is not insurance in this State, may not be
35 regulated as insurance and is exempt from the requirements of the Act.

36 This bill also amends the definition of "service contract" to include the repair or
37 replacement or indemnification for the repair or replacement of machinery or equipment
38 for the operational or structural failure of one or more parts or systems brought about by
39 the failure of an additive product to perform as represented.