

AN ACT

ENTITLED, An Act to regulate motor vehicle service contracts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 58-1-3 be amended to read as follows:

58-1-3. No provision of this title applies with respect to:

- (1) Fraternal benefit societies, except as stated in chapter 58-37A;
- (2) Bail bondsmen, other than corporate sureties and their agents, except as stated in chapter 58-22;
- (3) Motor vehicle service contracts which are contracts or agreements to perform or indemnify for a specific duration the repair, replacement, or maintenance of motor vehicles for 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 towing, rental, and emergency road service. Consideration for a motor vehicle service contract shall be stated separately from the price of the motor vehicle. The term does not include mechanical breakdown insurance or maintenance agreements;
- (4) Service agreements or extended warranty plans for which the primary purpose is to provide service, repair, or replacement on consumer goods or products including appliances, merchandise, or equipment, or mechanical/electrical systems in single or multiple-family dwellings. Incidental indemnity payments under such plans where service, repair, or replacement is not feasible or economical does not void this exemption;
- (5) Any person, trust, or other entity proven to be under the exclusive regulatory authority of the federal government or another state agency;
- (6) Any agreement to provide liability protection entered into pursuant to chapter 1-24 is exempt from the regulatory requirements of Title 58, except to forms of insurance

coverage provided by an insurer otherwise subject to the insurance laws of this state.

Section 2. That § 58-1-2 be amended by adding thereto NEW SUBDIVISIONS to read as follows:

"Maintenance agreement," a contract of limited duration that provides for scheduled maintenance only;

"Mechanical breakdown insurance," any contract or agreement to perform or indemnify for a specific duration the repair, replacement, or maintenance of property for operational or structural failure due to a defect in materials, workmanship, or normal wear and tear.

An Act to regulate motor vehicle service contracts.

I certify that the attached Act originated in the

SENATE as Bill No. 96

Secretary of the Senate

President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 96

File No. _____

Chapter No. _____

Received at this Executive Office this _____ day of _____,

20____ at _____ M.

By _____
for the Governor

The attached Act is hereby approved this _____ day of _____, A.D., 20____

Governor

STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed _____, 20____
at _____ o'clock __ M.

Secretary of State

By _____
Ass. Secretary of State