



## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

**2011 Wisconsin Act 226**  
[2011 Senate Bill 492]

**Regulation of a Service Contract  
Provider**

2011 Wisconsin Act 226 relates to regulating certain service contracts and granting rule-making authority.

The Act specifies the procedures for oversight of service contract providers by the Office of Commissioner of Insurance (OCI). A service contract generally includes any agreement to repair, replace, or maintain property due to a defect, accidental damage, power surge, or normal wear and tear, and specifically includes windshield repair or replacement and repair or replacement of motor vehicle parts other than replacement of interior parts.

A service contract does not include a contract that covers only regularly scheduled maintenance without covering repair or replacement, a contract with a non-consumer, a telecommunications wire protection plan, certain motor vehicle warranties, a service contract offered by a public utility on its transmitting devices, a service contract between telecommunication service providers for maintenance of the property used in the provision of the service, and a service contract offered by a cooperative association that furnishes heat, light, power, or water to its members.

A service contract provider must be licensed with OCI, pay an initial and annual fee, submit copies of proposed contracts, either maintain a reimbursement insurance policy or provide a deposit of securities or an irrevocable letter of credit, and comply with other forms, records, disclosure, and claims requirements. A service contract seller who only sells or solicits a service contract, without acting as a provider or administrator of the service contract, is not required to be licensed or to register with OCI. A motor vehicle manufacturer's service contract is exempt from certain of these requirements.

A service contract provider who already holds a limited certificate of authority from OCI to operate a warranty business can choose either to continue to operate under the provisions of the limited certificate of authority or to apply for a license from OCI under the provisions of this Act.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

***Effective date:*** 2011 Wisconsin Act 226 is effective April 20, 2012, and applies to a service contract that is issued, sold, or offered for sale on or after that date.

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April 13, 2012

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