

**THE INSURANCE CODE OF 1956 (EXCERPT)**  
**Act 218 of 1956**

**500.125 Service contract not subject to act; "consumer product" and "service contract" defined.**

Sec. 125. (1) A service contract is not insurance or the business of insurance and is not subject to this act.

(2) As used in this section:

(a) "Consumer product" means any tangible personal property that is distributed in commerce and is normally used for personal, family, or household purposes, including any tangible personal property intended to be attached to or installed in any real property without regard to whether it is so attached or installed.

(b) "Service contract" means a written contract that is sold for stated consideration for a specific duration that provides any of the following:

(i) To perform or provide reimbursement for the repair, replacement, or maintenance of a consumer product because of the operational or structural failure of the consumer product due to a defect in materials or workmanship; accidental damage from handling, power surge, or interruption; 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, and emergency road service.

(ii) The repair or replacement or indemnification for the repair or replacement of a motor vehicle for the operational or structural failure of 1 or more parts or systems of the motor vehicle brought about by the failure of an additive product to perform as represented.

(iii) The repair or replacement of tires or wheels on a motor vehicle damaged as a result of coming into contact with road hazards, including, but not limited to, potholes, rocks, wood debris, metal parts, glass, plastic, curbs, or composite scraps.

(iv) The removal of dents, dings, or creases on a motor vehicle that can be repaired using the process of paintless dent removal without affecting the existing paint finish and without replacing vehicle body panels, sanding, bonding, or painting.

(v) The repair of small motor vehicle windshield chips or cracks, or if a windshield cannot be repaired, the replacement of the windshield.

(vi) The replacement of an inoperable, lost, or stolen motor vehicle key or key fob.

**History:** Add. 2014, Act 110, Imd. Eff. Apr. 10, 2014.

**Popular name:** Act 218

**Popular name:** Essential Insurance