
SCIC

SERVICE CONTRACT
INDUSTRY COUNCIL

November 4, 2013

Via Hand Delivery

The Honorable Pete Lund
Chair of the House Committee on Insurance
124 North Capitol Avenue
Lansing, MI 48909-7514

Dear Mr. Chairman:

My name is Stephen McDaniel and I am the Assistant Executive Director and General Counsel for the Service Contract Industry Council (SCIC). I am submitting this written testimony on behalf of the 63 member companies of the SCIC **in support of House Bill 4467** pending before your committee.

By way of background, the SCIC is a national trade association whose member companies include insurers, manufacturers, service contract providers, administrators and retailers offering service contracts covering motor vehicles, homes and consumer goods throughout the country. The SCIC's member companies, which include Ford Motor Company, Ally Insurance, Automobile Protection Corporation (APCO), BMW Financial Services, Chrysler Group, Toyota Motor Insurance Services, General Motors, American Home Shield, Best Buy, CNA National Warranty Co., and National Electronics Warranty, offer over 80% of the service contracts available in the marketplace today. The SCIC supports this legislation because it provides regulatory certainty as to the regulatory classification of service contracts in the State of Michigan.

House Bill 4467 provides clarity as to the regulatory treatment of service contracts in Michigan by defining what constitutes a service contract and clearly providing that contracts meeting the legislation's definition do not constitute insurance in the state. Consistent with this approach, the legislation also makes clear that people and businesses selling service contracts are not subject to licensure as an insurance producer. The legislation codifies what has been the informal position of the Department of Insurance and Financial Services over the years thereby ensuring that companies who are active in the service contract industry can do business in Michigan and be certain as to the regulatory status of the Industry in the state.

The legislation is consistent with the regulatory treatment of service contracts in multiple other states, including Delaware, Indiana, Kansas, Ohio, Pennsylvania, Tennessee, and West Virginia. Accordingly, the SCIC **supports House Bill 4467** as legislation codifying the

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"Setting the industry standard since 1987."

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regulatory status of the Industry thereby creating certainty with respect to how member companies do business in Michigan.

As the Assistant Executive Director and General Counsel of the SCIC, and on behalf of our 63 member companies, I would like to request your **support** of **House Bill 4467** today.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. K. McDaniel', with a large, sweeping flourish extending to the right.

Stephen K. McDaniel