**South Carolina General Assembly**

125th Session, 2023-2024

**H. 3261**

**STATUS INFORMATION**

General Bill

Sponsors: Rep. King

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Introduced in the House on January 10, 2023

Currently residing in the House

Summary: Service contracts

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

12/8/2022 House Prefiled

12/8/2022 House Referred to Committee on **Labor, Commerce and Industry**

1/10/2023 House Introduced and read first time ([House Journal‑page 113](h:\hj\20230110.docx))

1/10/2023 House Referred to Committee on **Labor, Commerce and Industry** ([House Journal‑page 113](h:\hj\20230110.docx))

1/31/2023 Scrivener's error corrected

View the latest  [legislative information](https://www.scstatehouse.gov/billsearch.php?billnumbers=3261&session=125&summary=B)  at the website

**VERSIONS OF THIS BILL**

[12/08/2022](https://www.scstatehouse.gov/sess125_2023-2024/prever/3261_20221208.docx)

[01/31/2023](https://www.scstatehouse.gov/sess125_2023-2024/prever/3261_20230131.docx)

A bill

TO AMEND THE south carolina CODE OF LAWS BY ADDING SECTION 38-78-55 so as to allow a contract holder to cancel a service contract without penalty under certain conditions; and by adding section 16-17-780 SO AS TO PROVIDE THAT IT IS UNLAWFUL FOR SERVICE-CONTRACT PROVIDERS TO CLASSIFY defects as preexisting conditions under a service contract under certain conditions.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 78, Title 38 of the S.C. Code is amended by adding:

Section 38‑78‑55. (A) A provider who discovers a defect on the property covered under a service contract before the effective date of the contract must notify the contract holder of the preexisting condition. The contract holder may elect to cancel the service contract without penalty within thirty days of receipt of the notification. The service contract provider may not classify any other defects as preexisting conditions if the defects were not listed on the notice provided to the contract holder and must cover these defects in the manner provided for in the service contract.

(B) Nothing in this section may be construed to limit the ability of the contract holder to remedy a defect and have the preexisting condition exception to coverage removed with the agreement of the provider after a subsequent inspection of the defect.

SECTION 2. Article 7, Chapter 17, Title 16 of the S.C. Code is amended by adding:

Section 16‑17‑780. A service contract provider or an agent of a service contract provider operating within this State who attempts to establish that a defect not discovered before the effective date of the service contract is a preexisting condition pursuant to the provisions of Section 38‑78‑55 is guilty of a misdemeanor and, upon conviction, must be fined not more than:

(1) one thousand dollars for a first offense;

(2) two thousand dollars for a second offense; and

(3) three thousand dollars for a third or subsequent offense. For an offense to be a third or subsequent offense, only those offenses that occurred within a period of ten years preceding the date of the last offense constitute a prior offense within the meaning of this section.

SECTION 3. This act takes effect upon approval by the Governor.

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