



General Assembly

February Session, 2008

Raised Bill No. 168

LCO No. 250

00250_____INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT AMENDING THE EXTENDED WARRANTY STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 42-260 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (d) (1) An extended warranty shall not be issued, sold or offered for
5 sale unless the extended warranty provider is insured under an
6 extended warranty reimbursement insurance policy issued by an
7 insurer authorized to do business in this state, [or] except that a risk
8 retention group, as defined in section 38a-250 shall not issue, sell or
9 offer to sell such extended warranty reimbursement insurance policies.
10 In lieu of such extended warrant reimbursement policy, the extended
11 warranty provider [can] may demonstrate that reserves for claims
12 contained in the provider's financial statements are not in excess of
13 one-half of a provider's audited net worth. If such reserves are in
14 excess of one-half of a provider's net worth, the reserves shall be held
15 in trust by an independent trustee and certified annually as adequate
16 by an actuary.

17 (2) The extended warranty reimbursement insurance policy shall
18 cover the obligations under the extended warranty sold by the
19 extended warranty provider during the period of time that such
20 provider's insurance policy is in force.

21 Sec. 2. Section 38a-255 of the general statutes is repealed and the
22 following is substituted in lieu thereof (*Effective from passage*):

23 (a) Any policy issued by a risk retention group shall contain in ten
24 point type on the front page and the declaration page, the following
25 notice:

26 NOTICE

27 This policy is issued by your risk retention group. Your risk retention
28 group may not be subject to all of the insurance laws and regulations
29 of your state. State insurance insolvency guaranty funds are not
30 available for your risk retention group.

31 (b) A risk retention group shall not issue, sell or offer to sell
32 extended warranty reimbursement insurance policies, as provided in
33 subdivision (1) of subsection (d) of section 42-260, as amended by this
34 act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	42-260(d)
Sec. 2	<i>from passage</i>	38a-255

Statement of Purpose:

To protect consumers who purchase extended warranty contracts by limiting who can sell them.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]