



General Assembly

January Session, 2009

**Raised Bill No. 6356**

LCO No. 2676

\*02676\_\_\_\_\_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2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2009*):

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 the extended  
8 warranty provider can demonstrate that reserves for claims contained  
9 in the provider's financial statements are not in excess of one-half of a  
10 provider's audited net worth. If such reserves are in excess of one-half  
11 of a provider's net worth, the reserves shall be held in trust by an  
12 independent trustee and certified annually as adequate by an actuary.

13 (2) The extended warranty reimbursement insurance policy shall  
14 cover the obligations under the extended warranty sold by the  
15 extended warranty provider during the period of time that such  
16 provider's insurance policy is in force.

17     (3) An insurer authorized to issue an extended warranty  
18 reimbursement insurance policy in this state shall, at the time the  
19 policy is filed with the Insurance Commissioner and continuously  
20 thereafter: (A) Maintain a surplus as to policyholders and paid-in  
21 capital of not less than twenty million dollars; (B) demonstrate to the  
22 satisfaction of said commissioner that the company maintains a ratio of  
23 net written premiums, wherever written, to a surplus as to  
24 policyholders and paid-in capital of not greater than two to one; and  
25 (C) annually file copies of such insurer's audited financial statements,  
26 its National Association of Insurance Commissioners' Annual  
27 Statement and the actuarial certification required by and filed in such  
28 insurer's state of domicile.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2009	42-260(d)

**Statement of Purpose:**

To protect consumers in this state by enhancing the financial security requirements of insurers offering extended warranty reimbursement insurance policies in Connecticut.

*[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.]*