



Substitute House Bill No. 6356

Public Act No. 09-24

AN ACT AMENDING THE EXTENDED WARRANTY STATUTES.

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

Section 1. Subsection (d) of section 42-260 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2009*):

(d) (1) An extended warranty shall not be issued, sold or offered for sale unless the extended warranty provider is insured under an extended warranty reimbursement insurance policy issued by an insurer authorized to do business in this state or the extended warranty provider can demonstrate that reserves for claims contained in the provider's financial statements are not in excess of one-half of a provider's audited net worth. If such reserves are in excess of one-half of a provider's net worth, the reserves shall be held in trust by an independent trustee and certified annually as adequate by an actuary.

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

(3) An insurer authorized to issue an extended warranty

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reimbursement insurance policy in this state shall, at the time the policy is filed with the Insurance Commissioner as set forth in subsection (c) of section 38a-676 and continuously thereafter: (A) Maintain a surplus as to policyholders and paid-in capital of not less than fifteen million dollars; (B) demonstrate to the satisfaction of said commissioner that the company maintains a ratio of net written premiums, wherever written, to a surplus as to policyholders and paid-in capital of not greater than three to one; and (C) annually file with the Insurance Commissioner copies of such insurer's audited financial statements, its National Association of Insurance Commissioners' Annual Statement and the actuarial certification required by and filed in such insurer's state of domicile.

Approved May 8, 2009