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CHAMBER ACTION

Senate   House

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1   WD/2R   .
      04/27/2005 02:18 PM   .
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11   Senator Peaden moved the following amendment:

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13   **Senate Amendment**

14   On page 4, lines 23-30, delete those lines

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16   and insert:

17   (b) A service agreement company that maintains net

18   assets of at least $10 million and that annually files with

19   the office a financial statement audited in accordance with

20   generally accepted accounting principles may use either the

21   50-percent reserve or the contractual liability coverage for

22   specific blocks of new service agreements. For purposes of

23   this subsection, the term "specific blocks of new service

24   agreements" means the service agreements sold by a single

25   designated licensed salesperson. A service agreement company

26   must be able to distinguish how each individual service

27   agreement is covered. A service agreement company using the

28   50-percent premium reserve, as permitted under this

29   subsection, must obtain contractual liability insurance

30   coverage for any future deficits in the premium reserve

31   account directly attributable to the specific blocks of new

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1 <u>agreements written. Such a contractual liability insurance</u>

2 <u>policy must be filed with the office. Such policies or</u>

3 <u>endorsements to an existing policy must contain language</u>

4 <u>evidencing that the contractual liability insurance policy</u>

5 <u>shall pay claims arising out of such specific blocks of</u>

6 <u>agreements if the service agreement company cannot or will not</u>

7 <u>pay such claims. All contractual liability insurance policies</u>

8 <u>issued to a service agreement company under this part must</u>

9 <u>cover all agreements issued during the term of the policy and,</u>

10 <u>for purposes of this section, the company must obtain and file</u>

11 <u>with the office endorsements to that policy identifying the</u>

12 <u>specific blocks of agreements not covered thereunder.</u>

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