

Bill No. CS for SB 2006, 1st Eng.

Barcode 731216

	CHAMBER ACTION	
<u>Senate</u>		<u>House</u>

1	1/AD/3R	.
2	04/28/2005 04:09 PM	.
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11 Senator Peaden moved the following amendment:

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Senate Amendment

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On page 4, line 26, through

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page 5, line 2, delete those lines

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16 and insert:

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(b) A service agreement company that maintains net assets of at least \$10 million and that annually files with the office a financial statement audited in accordance with generally accepted accounting principles may use either the 50-percent reserve or the contractual liability coverage for specific blocks of new service agreements. For purposes of this subsection, the term "specific blocks of new service agreements" means the service agreements sold by a single designated licensed salesperson. A service agreement company must be able to distinguish how each individual service agreement is covered. A service agreement company using the 50-percent premium reserve, as permitted under this subsection, must obtain contractual liability insurance coverage for any future deficits in the premium reserve

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1 account directly attributable to the specific blocks of new
2 agreements written. Such a contractual liability insurance
3 policy must be filed with the office. Such policies or
4 endorsements to an existing policy must contain language
5 evidencing that the contractual liability insurance policy
6 shall pay claims arising out of such specific blocks of
7 agreements if the service agreement company cannot or will not
8 pay such claims. All contractual liability insurance policies
9 issued to a service agreement company under this part must
10 cover all agreements issued during the term of the policy and,
11 for purposes of this section, the company must obtain and file
12 with the office endorsements to that policy identifying the
13 specific blocks of agreements not covered thereunder.

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