

516E.4 Reimbursement insurance policy requirements.

1. *Required disclosures.* A reimbursement insurance policy insuring a service contract issued, sold, or offered for sale in this state shall conspicuously state that, upon failure of the service company to perform under the contract, including but not limited to a failure to return the unearned consideration paid for a service contract in excess of the premium, the insurer that issued the policy shall pay on behalf of the service company any amount that is owed to the service contract holder by the service company to satisfy the service company's obligations under a service contract issued or sold by the service company.

2. *Termination.* As applicable, an insurer that issued a reimbursement insurance policy shall not terminate the policy unless a written notice has been received by the commissioner and by each applicable provider, service company, or third-party administrator. The notice shall fix the date of termination at a date no earlier than ten days after receipt of the notice by the commissioner and by the applicable provider, service company, or third-party administrator. The notice may be delivered in person or sent by mail, and a restricted certified mail return receipt shall be deemed proof of receipt of notice. The termination of a reimbursement insurance policy shall not reduce the issuer's responsibility for a service contract issued by a service company prior to the date of termination.

3. *Indemnification or subrogation.* This section does not prevent or limit the right of an insurer that issued a reimbursement insurance policy to seek indemnification from or subrogation against a service company if the insurer pays or is obligated to pay a service contract holder sums that the service company was obligated to pay pursuant to the provisions of a service contract or pursuant to a contractual agreement.

85 Acts, ch 45, §4

CS85, §321I.4

2000 Acts, ch 1147, §15

C2001, §516E.4

2005 Acts, ch 70, §28