59C.06 WARRANTY REIMBURSEMENT POLICY REQUIREMENTS.

No warranty reimbursement insurance policy may be issued, sold, or offered for sale in this state unless the policy meets the following conditions:

(1) the policy states that the issuer of the policy will reimburse, or pay on behalf of the vehicle protection product warrantor, all covered sums that the warrantor is legally obligated to pay, or will provide all service that the warrantor is legally obligated to perform according to the warrantor's contractual obligations under the provisions of the insured warranties sold by the warrantor;

(2) the policy states that in the event payment due under the terms of the warranty is not provided by the warrantor within 60 days after proof of loss has been filed according to the terms of the warranty by the warranty holder, the warranty holder may file directly with the warranty reimbursement insurance company for reimbursement;

(3) the policy provides that a warranty reimbursement insurance company that insures a warranty is deemed to have received payment of the premium if the warranty holder paid for the vehicle protection product and the insurer's liability under the policy shall not be reduced or relieved by a failure of the warrantor, for any reason, to report the issuance of a warranty to the insurer; and

(4) the policy has the following provisions regarding cancellation of the policy:

(i) the issuer of a reimbursement insurance policy shall not cancel the policy until a notice of cancellation in writing has been mailed or delivered to the commissioner and each insured warrantor;

(ii) the cancellation of a reimbursement insurance policy shall not reduce the issuer's responsibility for vehicle protection products sold prior to the date of cancellation; and

(iii) in the event an insurer cancels a policy that a warrantor has filed with the commissioner, the warrantor shall do either of the following:

(A) file a copy of a new policy with the commissioner, before the termination of the prior policy, providing no lapse in coverage following the termination of the prior policy; or

(B) discontinue offering warranties as of the termination date of the policy until a new policy becomes effective and is accepted by the commissioner.

History: *2007 c 57 art 3 s 26*