

ARIZONA PROPERTY AND CASUALTY FORM FILINGS

SERVICE CONTRACTS

The Arizona Department of Insurance and Financial Institutions (the Department) Property and Casualty Section developed the following checklist to help you identify applicable statutes and rules that apply to this type of filing, in order to facilitate submission of a complete and correct form filing.

NOTE: This checklist is not intended to serve as an all-inclusive list of requirements. Forms must meet all requirements of applicable Arizona laws and rules, regardless of whether the law or rule is referenced in this checklist.

This checklist applies to the following types of insurance (TOI's) and sub-types:

33.0: Other Lines of Business

- 33.0004 – Service Contracts.

This checklist is in addition to the General Filing Checklist (see Submission Requirements in SERFF)

FILING REQUIREMENTS

NOTE - File and use. You must file service contract **forms** before using them. Each service company must submit forms to the Department for approval, not less than 30 days prior to their proposed effective date. ARS §§ [20-1095.01](#) and [20-1095.06](#):

Note: There were significant changes to Arizona laws pertaining to Service Contracts in 2020 and 2021. Filers are encouraged to review [ARS § 20-1095](#) and [AAC R20-6-407](#) in its entirety.

Topic	References*	Requirements
* ARS“§” = Arizona Revised Statutes Section; “AAC” = Arizona Administrative Code		
State Requirements and Disclosures	ARS §20-1095.06 AAC R20-6-407(G)(2)(a)	The service contract and application forms must conform to applicable provisions of ARS §20-1095.06.
Cancellation Pro Rata	ARS §20-1095.06 (D)(9) AAC R20-6-407(G)(2)(i)	No service contract shall be approved unless it contains a provision permitting the cancellation of the contract by the customer. The cancellation provision shall provide for a pro rata refund, and may deduct benefits paid, and a fee for administrative expenses associated with the cancellation. The administrative fee may be no more than \$75, or 10% of the purchase price of the contract, whichever is less. The

		administrative fee may not exceed the amount of the refund due.
Cancellation Provisions, Unacceptable	<u>ARS §20-1095.06 (B)(1)</u> <u>ARS §20-1095.06 (B)(3)</u>	A service contract will not be approved if it contains a cancellation/voiding provision triggered by any of the following: <ul style="list-style-type: none"> acts or omissions by the company or its representatives for their failure to provide correct information, or their failure to perform the services in a timely, competent, and workmanlike manner the contract does not state to what extent it will cover or not cover pre-existing conditions misrepresentation by the service company or its subcontractors
Reinstatement of coverage	<u>AAC R20-6-407(G)(2)(g)</u>	A service contract must state the conditions under which the service contract or coverage may be reinstated, if applicable.
Cost of the Contract	<u>ARS §20-1095.06 (D)(4)</u>	Service contracts shall state the total purchase price of the service contract.
Coverage of Replaced/Repaired Components	<u>ARS §20-1095.06 (B)(2)</u>	A service contract cannot exclude covering parts or components repaired or replaced under the service contract.
Financial responsibility when product cannot be repaired or replaced	<u>AAC R20-6-407(G)(2)(e)</u>	A service contract must specify, in clear and easily understood language, the service company's financial responsibilities to the contract holder when any of the systems, products or appliances covered by the contract cannot be replaced or repaired.
Exclusions in Bold Type	<u>ARS §20-1095.06 (D)(6)</u> <u>AAC R20-6-407(G)(2)(b)</u>	Any exclusions wherever they appear in the contract must be printed in bold type, preferably in a larger font.
Financial Assurance	<u>ARS §20-1095.06 (D)(1) & (2)</u>	Service contracts that are insured under a mechanical reimbursement insurance policy pursuant to section 20-1095.03(A)(3)(b) shall state the name and address of the insurer and contain a statement in substantially the following form: "Obligations of the obligor under this service contract are insured under a mechanical service contract reimbursement insurance policy". Service contracts that are not insured under a reimbursement insurance policy pursuant to section 20-1095.03(A)(3)(b), shall contain a statement in substantially the following form: "Obligations of the obligor under this service contract are backed by the full faith and credit of the obligor".
Limitations of Contract	<u>ARS §20-1095.06 (D)(6)</u>	Service contracts shall specify the merchandise and services to be provided and any limits, exceptions or exclusions.
Material Acts Cancellation	<u>ARS §20-1095.06 (D)(11)</u>	A service contract must state any material acts or omissions by the contract holder that may result in cancellation or voiding of the contract.
Name/Address	<u>ARS §20-1095.06 (D)(3)</u>	Service contracts shall state the name and address of the obligor, the administrator (if applicable), the seller, and the

		service contract holder. This information does not need to be preprinted on the contract, but there should be a space on the contract to add it.
Non-original Manufacturers' Parts	<u>ARS §20-1095.06(D)(7)</u>	Service contracts covering motor vehicles shall state whether the use of non original manufacturers' parts is allowed.
Pre-existing Conditions	<u>ARS §20-1095.06 (D)(12)</u>	Service contracts must clearly indicate whether or not pre-existing conditions are covered or excluded.
Transfer of Contract	<u>ARS §20-1095.06 (D)(8)</u>	A service contract must state any restrictions governing the transferability of the contract, if applicable.
Service Fee or Deductible	<u>ARS §20-1095.06 (D)(5)</u> <u>AAC R20-6-407 (G)(2)(c)</u>	A service contract must clearly state any service fee or deductible to be charged for service calls and/or repairs.
Services to be Performed	<u>ARS §20-1095.06 (D)(6)</u>	Service contracts shall specify the merchandise and services to be provided.
Systems Covered	<u>ARS §20-1095.06 (D)(6)</u>	Service contracts shall specify the merchandise and services to be provided and any limits, exceptions or exclusions.
Clear, Understandable Language	<u>ARS §20-1095.06 (D)</u>	Service contracts shall be written, printed or typed in clear, understandable language that is easy to read.
Dates of Coverage	<u>ARS §20-1095.06 (D)(9)</u> <u>AAC R20-6-407(G)(2)(h)</u>	States the dates of coverage under the service contract including any delay in coverage that differs from the purchase date of the contract which would extend the coverage term of the contract and any terms that govern renewal of the service contract;
Timely Service	<u>ARS §20-1095.06 (B)(1)</u>	The service contract may not be canceled or voided due to acts or omissions of the service company or its assignees or subcontractors for their failure to provide correct information or their failure to perform the services or repairs provided in a timely, competent and workmanlike manner.
Warranty	<u>ARS § 20-1095(9)</u>	The word "warranty" used in a Service Contract must be used as defined in ARS 20-1095.
Contractors and repair facilities not contracted with the service company	<u>AAC R20-6-407(G)(2)(d)</u>	A service contract must specify in clear and easily understood language the specific circumstances under which a contract holder may engage a subcontractor who is not recommended by the service company without becoming financially responsible under the contract and whether pre-authorization is required prior to engaging a subcontractor who is not recommended by the service company.
Reinstatement of coverage	<u>AAC R20-6-407(G)(2)(f)</u>	If applicable, the service contract must state the conditions under which the service contract or coverage may be reinstated

CERTIFICATION OF COMPANY OFFICER

NOTE: Filer certification must be completed and signed by an officer of the company.

I, _____, certify on behalf of the company that is submitting this filing that I am responsible for the validity, accuracy and completeness of the enclosures in this filing. To the best of my knowledge and belief each form or rate filing included in this filing: 1) conforms to all of the applicable requirements outlined above; 2) contains no provision(s) previously disapproved or required to be corrected and/or revised by the Arizona Department of Insurance; 3) does not exceed this company's powers, the authority granted by its state of domicile or its Arizona certificate of authority; and 4) complies with all applicable provisions of state or federal law and orders of the Director of Insurance.

Title: _____

Email: _____

Phone: _____

Date: _____

Company Officer Signature: _____