



DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

BOND OF SERVICE COMPANY

Bond Number:

KNOW ALL MEN BY THESE PRESENTS, that we, _____, as Principal and Applicant for a Service Company's Permit (hereinafter "the Principal"), and _____, a corporate surety authorized to transact business in the State of Arizona, as Surety, (hereinafter "the Surety"), are held and firmly bound unto the State of Arizona, as Obligee, for the benefit and protection of Arizona service contract holders, in the amount of \$ _____, lawful money of the United States of America, for the payment whereof, the said Principal and Surety bind themselves and their heirs, administrators, executors, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal desires to sell and hereafter sell certain service contracts in Arizona pursuant to the provisions of Title 20, Chapter 4, Article 11 of the Arizona Revised Statutes; and

WHEREAS, Section 20-1095.04 of said Article 11 stipulates that the Principal shall assure faithful performance of its obligations to contract holders.

NOW, THEREFORE, the conditions of this obligation are such that if the said Principal shall faithfully perform (his/her/its) duties as Service Company and fulfill all obligations imposed upon said Principal by the provisions of Title 20, Chapter 4, Article 11, Arizona Revised Statutes, then this bond shall be void, otherwise to remain in full force and effect, subject to the following conditions:

1. In the event the Principal becomes insolvent or fails to pay any valid service contract claim, the service contract holder shall be deemed to be an insured of the Surety and may, in addition to any other remedy that he/she may have, bring action in his/her own name on this bond for the recovery of damage sustained by him under the terms of the service contract.
2. The total aggregate liability of the surety hereon shall be limited to the sum of \$ _____.
3. This bond shall be deemed continuous in form and shall remain in full force and effect unless terminated or cancelled in a manner hereinafter provided.
4. This bond covers all service contracts issued or sold by Principal during the policy term excluding those contracts for which a motor vehicle manufacturer is financially responsible.
5. In the event Surety is placed into receivership, service contract holders of the Principal shall be deemed to be policyholders for purpose of receivership.
6. This bond may not be terminated for any reason without 30 days written notice to the State of Arizona, Director of Insurance and Financial Institutions, by registered mail.
7. In the event the Principal's service contract holders are deemed to be insureds of the company under the provisions of this bond, the terms of the bond shall provide that any failure on the part of the Principal to pay any amount due and owing under a service contract or warranty plan shall be covered by this bond to the same extent as the coverage provided by the service or warranty plan.
8. In the event this bond is terminated for any reason, the Surety shall remain liable for all sums arising out of any service contract or warranty plan covered by this bond prior to the effective date of the bond termination.

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- 9. No act, error or omission of the Principal shall prejudice this bond as respects the Principal's service contract holders. However, the terms of this provision shall not inure to the benefit of the Principal.
- 10. In the event Principal and Surety or either of them is served with any notice of any action brought against the Principal or Surety under this bond, written notice of the filing of such action shall be immediately given by the Principal or Surety, as each is served or notified, to the Director of Insurance and Financial Institutions of the State of Arizona.
- 11. The undersigned are jointly and severally held and firmly bound for the payment of all legal costs, including reasonable attorneys' fees incurred in all or any actions or proceedings taken to enforce payment of this bond.

Signed this _____ day of _____, _____ .

_____ Principal

By _____

_____ Surety

Licensed Insurance Producer

Attorney in Fact

POWER OF ATTORNEY MUST BE ATTACHED TO THIS BOND