

BILL SUMMARY

MEASURE: SB 1428 (Engrossed)

AUTHOR: Representative Ron Peterson and Senator Sparks

SUBJECT: An act relating to insurance; providing procedures for the service warranty association. Effective date.

PROVISIONS: Section 1. NEW LAW To include receivables from affiliated companies as assets defined in the Service Warranty Insurance Act, the service warranty association must provide a written guarantee to assure repayment of all receivables, loans and advances. The written guarantee must be made by a guaranteeing organization that:

1. Has been in operation for at least 10 years and has net assets in excess of \$50 million;
2. Submits a guarantee that is approved by the Insurance Commissioner. The written guarantee must contain a provision which requires the guarantee be irrevocable with an exception that the Commissioner must approve;
3. Submits a statement from the CPA of the guaranteeing agency attesting that the net assets of the guaranteeing company meet or exceed the net assets requirement above (in paragraph 1); and
4. Submits each year, within 3 months after the end of its fiscal year, a statement from the CPA of the guaranteeing agency attesting that the net assets of the guaranteeing company meet or exceed the net assets requirement above (in paragraph 1).

EFFECTIVE DATE: November 1, 2008

PREPARED BY: Arnella Karges

DATE: April 6, 2008