

## Wyoming Insurance Department

### Service Contract and Reimbursement Insurance Policy Requirements

Contact: Wyoming Insurance Department  
 106 E. 6<sup>th</sup> Ave., Cheyenne, WY 82002  
 Phone: (307) 777-7401, Fax: (307) 777-2446  
 Website: <http://doi.wyo.gov/>

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<u>REVIEW REQUIREMENTS</u>	<u>REFERENCE</u>	<u>COMMENTS</u>
<u>Wyoming Insurance Department</u>	<u>Statutes</u>	<a href="http://legisweb.state.wy.us/statutes/statutes.aspx?file=titles/Title26/T26CH49.htm">http://legisweb.state.wy.us/statutes/statutes.aspx?file=titles/Title26/T26CH49.htm</a>
<u>Wyoming Insurance Department</u>	<u>Rules and Regulations</u>	<a href="http://soswy.state.wy.us/Rules/default.aspx">http://soswy.state.wy.us/Rules/default.aspx</a>
<u>Wyoming Insurance Department</u>	<u>Dockets, Memoranda</u>	None
<b><u>General Requirements</u></b> Provider Fees and Rules	<u>W.S. § 26-49-103(c)</u>	In the Provider registration form that is submitted to the Wyoming DOI, a request is made for the Provider to explain how the Provider Fee will be calculated. No requirement exists requiring any other fee or rule information to be submitted.
<b><u>General Requirements</u></b> Service Contract Forms	<u>Wyoming DOI Policy</u>	Registered Service Contract Providers may market service contracts without submitting forms for review or approval by the department. Service Contract forms shall conform to the Wyoming Insurance Code, the Wyoming Insurance Regulations, and any Orders of the Commissioner of Insurance and any statements of policy.
<b>Service Contract Forms List</b>	<u>Requirement</u>	A complete itemized listing of each service contract form including form name, form number and edition date must be submitted along with the Faithful Performance Verification Form due annually on or before September 1. (Do not include copies of service contract forms.)
<b>Required Terms and Disclosures</b>	<u>W.S. § 26-49-105</u>	Service contract forms shall contain clear understandable language that is easy to read and include all required disclosures.

<b>Return of Contract</b>	<u>W.S. § 26-49-103 (e)</u>	<u>The provider is to permit the original service contract holder to return the service contract within twenty (20) days of the date the service contract was mailed to the service contract holder or within ten (10) days of delivery if the service contract is delivered to the service contract holder at the time of sale or within a longer time period permitted under the service contract. Upon return of the service contract to the provider within the applicable time period, if no claim has been made under the service contract prior to its return to the provider, the service contract is void and the provider shall refund to the service contract holder, or credit the account of the service contract holder, with the full purchase price of the service contract. A ten percent (10%) penalty per month shall be added to a refund that is not paid or credited within forty-five (45) days after return of the service contract to the provider.</u>
<b>Reimbursement Insurance Policy Backed Service Contracts</b>	<u>W.S. § 26-49-102 (a)(viii) and W.S. § 26-49-104 (b)</u>	<u>These statutes apply to a service contract that is being insured by a reimbursement liability policy. The service contracts are to show that in the event covered service is not provided by the service contract provider within sixty (60) days of proof of loss by the service contract holder, the contract holder is entitled to apply directly to the reimbursement insurance company.</u>
<b>Reimbursement Insurance Policy Backed Service Contracts</b>	<u>W. S. § 26-49-105 (b)</u>	<u>Service contracts insured under a reimbursement insurance policy pursuant to W.S. §26-49-103 (d)(i) shall contain a statement in substantially the following form: “Obligations of the provider under this service contract are insured under a service contract reimbursement insurance policy.” The service contract shall state the name and address of the insurer.</u>
<b>Service Contracts Backed By The Full Faith And Credit Of The Provider</b>	<u>W.S. § 26-49-105 (c)</u>	<u>Service contracts not insured under a reimbursement insurance policy pursuant to W.S. §26-49-103 (d)(i) shall contain a statement in substantially the following form: “Obligations of the provider under this service contract are backed by the full faith and credit of the provider.”</u>
<b>Required Information</b>	<u>W.S. § 26-49-105 (d)</u>	<u>Service contracts shall state the name and address of the provider and shall identify any administrator if different from the provider, the service contract seller, and the service contract holder to the extent that the name of the service contract holder has been furnished by the service contract holder. The identities of such parties are not required to be preprinted on the service contract and may be added to the service contract at the time of sale.</u>
	<u>W.S. § 26-49-105 (e)</u>	<u>Service contracts shall state the purchase price of the service contract and the terms under which the service contract is sold. The purchase price is not required to be preprinted on the service contract and may be negotiated at the time of sale with the service contract holder.</u>
	<u>W.S. § 26-49-105 (f)</u>	<u>Service contracts shall state the existence of any deductible amount, if applicable.</u>

	<u>W.S. § 26-49-105 (g)</u>	Service contracts shall specify the merchandise and services to be provided and any limitations, exceptions or exclusions.
	<u>W.S. § 26-49-105 (h)</u>	Service contracts covering automobiles shall state whether the use of nonoriginal manufacturer's parts is allowed.
	<u>W.S. § 26-49-105 (j)</u>	Service contracts shall state any restrictions governing the transferability of the service contract, if applicable.
	<u>W.S. § 26-49-105 (k)</u>	Service contracts shall state the terms, restrictions or conditions governing cancellation of the service contract prior to the termination or expiration date of the service contract by either the provider or by the service contract holder. <u>The provider of the service contract shall mail a written notice to the service contract holder at the last known address of the service contract holder contained in the records of the provider at least ten (10) days prior to cancellation by the provider. Prior notice is not required if the reason for cancellation is nonpayment of the provider fee, a material misrepresentation by the service contract holder to the provider or a substantial breach of duties by the service contract holder relating to the covered product or its use.</u> The notice shall state the effective date of the cancellation and the reason for the cancellation.
	<u>W.S. §26-49-105 (m)</u>	Service contracts shall set forth the obligations and duties of the service contract holder, such as the duty to protect against any further damage and any requirement to follow owner's manual instructions.
	<u>W.S. § 26-49-105 (n)</u>	Service contracts shall state whether or not the service contract provides for or excludes consequential damages or preexisting conditions, if applicable.
<b>Governing Law</b>		Service contracts shall be governed by the laws of the State of Wyoming.
<b>Arbitration</b>	<u>Wyoming DOI Policy</u>	<p>The Wyoming Constitution, Article 19, Section 8 states that, "The legislature may provide by law for the voluntary submission of differences to arbitrators for determination and said arbitrators shall have such powers and duties as may be prescribed by law; but they shall have no power to render judgment to be obligatory on parties; unless they voluntarily submit their matters of difference and agree to abide the judgment of such arbitrators."</p> <p>In no instance shall any service contract circulated within the State of Wyoming contain a mandatory arbitration clause by which the service contract holder is required to arbitrate any claim in the event of disagreement with the service contract provider, nor shall any such clause require that the results of arbitration are binding on the parties without the right of appeal unless the parties themselves agree to be so bound by a separate agreement. Any arbitration proceedings shall be conducted within the state of Wyoming.</p>

<b>Lienholder</b>	Wyoming DOI Policy	In the event of a total loss or repossession, the lienholder may be named as sole payee. On any other refund, a lienholder shall be named as their interest may appear.
	Wyoming DOI Policy	<p>The Department has had a long standing position that agreements with the primary purpose of providing for the repair or replacement of products due to damage or other causes such as products that have been lost, stolen, damaged or destroyed are not considered product failures due to defects or normal wear and tear. Coverage for these types of losses would more likely be considered as insurance which is defined below.</p> <p>Wyo. Stat. 26-1-102 (a)(xv) states that “Insurance” means "a contract in which one undertakes to indemnify another against loss, damage or liability arising from determinable hazards or fortuitous occurrences or to pay or allow a specified amount or determinable benefit in connection with ascertainable risk contingencies;"</p> <p>A Service Contract Provider is prohibited from issuing insurance coverage.</p> <p>Examples: Vehicle Key/FOB coverage or vehicle etching.</p>

<b><u>Reimbursement Insurance Policy Required Provisions</u></b>	W.S. §26-49-104 (a) & (b)	<p>(a) Reimbursement insurance policies insuring service contracts issued, sold or offered for sale in this state shall state that the insurer that issued the reimbursement insurance policy shall reimburse or pay on behalf of the provider any covered sums the provider is legally obligated to pay or shall provide the service which the provider is legally obligated to perform according to the provider's contractual obligations under the insured service contracts issued or sold by the provider.</p> <p>(b) In the event covered service is not provided by the service contract provider within sixty (60) days of proof of loss by the service contract holder, the contract holder is entitled to apply directly to the reimbursement insurance company.</p>
<b>Cancellation Notice to the Wyoming Insurance Commissioner, continuing policy obligations</b>	W.S. §26-49-108	As applicable, an insurer that issued a reimbursement insurance policy shall not terminate the policy until a notice of termination in accordance with chapter 35 of this code, has been mailed or delivered to the commissioner. The termination of a reimbursement insurance policy shall not reduce the issuer's responsibility for service contracts issued by providers prior to the date of the termination.
<b>Cancellation Provisions</b>	W.S. §26-35-101, et seq.	It is unlawful for any insurer to cancel, nonrenew or renew a policy of insurance except in compliance with the requirements of this chapter.

<p><b>Arbitration</b></p>	<p><u>Wyoming DOI Policy</u></p>	<p>The Wyoming Constitution, Article 19, Section 8 states that, "The legislature may provide by law for the voluntary submission of differences to arbitrators for determination and said arbitrators shall have such powers and duties as may be prescribed by law; but they shall have no power to render judgment to be obligatory on parties; unless they voluntarily submit their matters of difference and agree to abide the judgment of such arbitrators."</p> <p>In no instance shall any service contract circulated within the State of Wyoming contain a mandatory arbitration clause by which the service contract holder is required to arbitrate any claim in the event of disagreement with the service contract provider, nor shall any such clause require that the results of arbitration are binding on the parties without the right of appeal unless the parties themselves agree to be so bound by a separate agreement. Any arbitration proceedings shall be conducted within the state of Wyoming.</p>
<p><b>Insurer Obligations</b></p>	<p>W.S. §26-49-109 (a) &amp; (b)</p>	<p>(a) Providers are considered to be the agent of the insurer which issued the reimbursement insurance policy for purposes of obligating the insurer to service contract holders in accordance with the service contract and this article. In cases where a provider is acting as an administrator and enlists other providers, the provider acting as the administrator shall notify the insurer of the existence and identities of the other providers.</p> <p>(b) This article shall not prevent or limit the right of an insurer which issued a reimbursement insurance policy to seek indemnification or subrogation against a provider if the issuer pays or is obligated to pay the service contract holder sums that the provider was obligated to pay pursuant to the provisions of the service contract.</p>