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**Rules of  
Department of Insurance,  
Financial Institutions and  
Professional Registration**

**Division 200—Insurance Solvency and Company Regulation  
Chapter 18—Warranties and Service Contracts**

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**Title 20—DEPARTMENT OF  
INSURANCE, FINANCIAL  
INSTITUTIONS AND  
PROFESSIONAL REGISTRATION**  
Division 200—Insurance Solvency and  
Company Regulation  
Chapter 18—Warranties and Service  
Contracts

**20 CSR 200-18.010 Registration of Motor  
Vehicle Extended Service Contract Pro-  
viders**

*PURPOSE: The purpose of this rule is to effectuate the provisions of sections 385.200 to 385.220, RSMo, regarding the registration of all motor vehicle extended service contract providers in this state.*

(1) Each motor vehicle extended service contract provider shall register with the director, on a form provided by the director, prior to issuing any motor vehicle extended service contracts and annually thereafter between January 1 and February 1 of each year by completing and filing an application for motor vehicle extended service contract provider registration.

(2) Each completed and filed application for registration must be accompanied by payment of a registration fee of five hundred dollars (\$500).

(3) Copies of the application for motor vehicle extended service contract provider registration form, are available at the department's website, [www.insurance.mo.gov](http://www.insurance.mo.gov).

(4) For purposes of this rule and rule 20 CSR 200-18.020, the term "provider" refers only to the party that is contractually obligated to provide service under a motor vehicle extended service contract. Such term does not refer to an administrator or seller of the product that is not so obligated.

*AUTHORITY: section 385.218, RSMo 2016.\* Original rule filed June 26, 2006, effective Dec. 30, 2006. Amended: Filed Jan. 29, 2008, effective Sept. 30, 2008. Amended: Filed Jan. 8, 2019, effective July 30, 2019.*

*\*Original authority: 385.218, RSMo 2007.*

**20 CSR 200-18.020 Faithful Performance  
of a Motor Vehicle Extended Service Con-  
tract Provider's Obligations**

*PURPOSE: The purpose of this rule is to effectuate the provisions of sections 385.200 to 385.220, RSMo, regarding assuring the*

*faithful performance of a provider's obligations to its contract holders.*

(1) Each provider who is contractually obligated to the service contract holder under the terms of a motor vehicle extended service contract is responsible for maintaining proof of its assurance of faithful performance and its continuing compliance with the requirements of section 385.202, RSMo, with the director.

(2) The following applies to reimbursement insurance policies used to assure the faithful performance of a provider's obligations to its contract holders as set forth in section 385.202.3(1), RSMo:

(A) Any such policy is acceptable only if it is issued by an insurance company authorized to transact insurance in this state. As used in this paragraph, the term "insurance company authorized to transact insurance in this state" means either an insurance company with a valid certificate of authority from the director to transact liability insurance or a financially responsible risk retention group (RRG) meeting the following requirements:

1. Such RRG is registered in good standing with the director pursuant to sections 375.1080–375.1105, RSMo;

2. Such RRG is not in a hazardous financial condition; and

3. Such RRG is authorized to transact liability insurance in this state.

(B) Any such policy is acceptable only if it assures the satisfaction of all obligations and liabilities of the provider under the terms of motor vehicle extended service contracts issued while the reimbursement insurance policy is in effect in the event of nonperformance by the provider. No policy with any provision imposing a deductible or retention payable by the policyholder or any claimant under the policy will satisfy this requirement.

(C) Any such policy is acceptable only if it contains a provision requiring the insurer issuing such policy to provide the director with at least sixty (60) days prior notice of insurer's termination of such policy by delivering notice to the director.

(3) The following applies to each funded reserve account as set forth in section 385.202.3(2)(a), RSMo. Such account may be used to establish compliance with section 385.202.3(2)(a), RSMo, only if such account satisfies the following requirements:

(A) Such account is maintained in cash or cash equivalent assets of a value sufficient to meet the reserve requirements of section 385.202.3(2)(a), RSMo;

(B) Such account is maintained exclusively

for the satisfaction of the provider's obligations to contract holders under Missouri motor vehicle extended service contracts;

(C) Such account is maintained at a qualified financial institution which is insured by the Federal Deposit Insurance Corporation; and

(D) Such account is maintained at a level and in a manner which is consistent with the requirements of this rule and the laws of this state.

(4) The following applies to financial security deposits placed in trust with the director as set forth in section 385.202.3(2)(b), RSMo. Such deposit may be used to establish compliance with section 385.202.3(2)(b), RSMo, only if the deposit satisfies the following requirements:

(A) The value of such deposit is at least that amount established under section 385.202.3(2)(b), RSMo; and

(B) To the extent that such deposit consists of—

1. A surety bond issued by an authorized surety, as provided in section 385.202.3(2)(b)a, RSMo, the bond will be acceptable only if the bond is completed on the Bond of Motor Vehicle Service Contract Provider Form (Form SC-1), provided by the director;

2. Cash or securities as permitted by section 385.202.3(2)(b)b or c, RSMo, such cash or securities will be acceptable only if the deposit is made with the same depository and upon the same terms and conditions as the capital deposits of insurance companies domiciled in this state, except that the amount of the deposit will be determined by the provisions of section 385.202.3(2)(b), RSMo;

3. A letter of credit, as provided in section 385.202.3(2)(b)d, RSMo, such letter of credit will be acceptable only if it complies with the following requirements:

A. The letter of credit is clean, irrevocable, and unconditional;

B. The beneficiary is the director and his or her successors in office;

C. The letter of credit is issued by a qualified financial institution;

D. The letter of credit contains a statement to the effect that the obligation of the qualified United States financial institution under the letter of credit is in no way contingent upon reimbursement with respect thereto; and

E. The letter of credit includes an issue date and expiration date. The term of the letter of credit will be at least one (1) year and will be subject to an "evergreen clause" that prevents the expiration of the letter of credit without due notice from the provider of



no less than thirty (30) days' to the director.

(5) The following applies to each provider maintaining a net worth of one hundred (100) million dollars and establishing such net worth through the guaranty of the provider's parent company, as set forth in section 385.202.3(2)(b), RSMo. To be accepted as proof that the provider has assured faithful performance of the provider's obligations to its contract holders, the guarantee will be filed with the director in a writing that substantially conforms to the Guaranty of Motor Vehicle Service Contract Obligations Form (Form SC-2), provided by the director.

*AUTHORITY: section 385.218, RSMo 2016.\* Original rule filed June 26, 2006, effective Dec. 30, 2006. Amended: Filed Jan. 29, 2008, effective Sept. 30, 2008. Amended: Filed Jan. 8, 2019, effective July 30, 2019.*

*\*Original authority: 385.218, RSMo 2007.*

#### **20 CSR 200-18.030 Licensure of Motor Vehicle Extended Service Contract Producers**

*PURPOSE: This rule effectuates and aids in the interpretation of sections 385.200 to 385.220, RSMo, by defining "affiliated entities," "authorized employees," and "subsidiaries," and setting the fees for applications.*

(1) Definitions. As used in section 385.206, RSMo, the following terms shall mean:

(A) "Administrative fee," a fee charged by a motor vehicle service contract provider upon the cancellation of a motor vehicle extended service contract by a service contract holder;

(B) "Affiliated entity," any company in the same corporate system as a parent, or a member organization by virtue of common ownership, control, operation, or management;

(C) "Authorized employee," an individual who meets the following criteria:

1. Is employed full-time or part-time by one (1) of the following entities listed in section 385.206, RSMo: a motor vehicle dealer; a manufacturer of motor vehicles; a federally insured depository institution; a lender; a provider; or an administrator under contract to effect coverage, collect provider fees, and settle claims on behalf of a provider;

2. Has been granted authority by such entity to sell, offer, negotiate, or solicit motor vehicle extended service contracts in Missouri on behalf of the entity;

3. Is not an employee or independent

contractor of any person, except an administrator, required to hold a motor vehicle extended service contract producer license under section 385.206, RSMo, in order to sell, offer, negotiate, or solicit a motor vehicle extended service contract in Missouri; and

4. Is identified by the entity as an "authorized employee" in a record available to the director under section 385.210, RSMo; and

(D) "Subsidiary," an affiliated entity that is under the control of a provider.

(2) Application and Fees. Application for a motor vehicle extended service contract producer license shall include the following, as applicable:

(A) Initial Licensure.

1. Individual motor vehicle extended service contract producer.

A. A completed application form, as prescribed by the director.

B. Twenty-five dollar- (\$25-) application fee.

2. Business entity motor vehicle extended service contract producer.

A. A completed application form, as prescribed by the director.

B. One hundred dollar- (\$100-) application fee; and

(B) Renewal.

1. Individual motor vehicle extended service contract producer.

A. A completed renewal application form, as prescribed by the director, submitted no fewer than sixty (60) calendar days prior to the license expiration date.

B. Twenty-five dollar- (\$25-) application fee;

2. Business entity.

A. A completed renewal application form, as prescribed by the director, submitted no fewer than sixty (60) calendar days prior to the license expiration date.

B. One hundred dollar- (\$100-) application fee.

*AUTHORITY: sections 374.045, 385.207, and 385.218, RSMo Supp. 2011.\* Emergency rule filed Dec. 29, 2011, effective Jan. 9, 2012, expired July 6, 2012. Original rule filed Dec. 29, 2011, effective Aug. 30, 2012.*

*\*Original authority: 374.045, RSMo 1967, amended 1993, 1995, 2008; 385.207, RSMo 2011; and 385.218, RSMo 2007.*

#### **20 CSR 200-18.110 Registration of Service Contract Providers (Non-Motor Vehicle)**

*PURPOSE: This rule effectuates the provisions of sections 385.300 to 385.320, RSMo,*

*regarding the registration of all service contract providers in this state.*

(1) Each service contract provider shall register with the director on a form provided by the director, prior to issuing any service contracts and annually thereafter between January 1 and February 1 of each year by completing and filing an application for service contract provider registration.

(2) Each completed and filed application for registration must be accompanied by payment of a registration fee of three hundred dollars (\$300).

(3) Copies of the application for service contract provider registration form, are available at the department's office, at the department website, [www.insurance.mo.gov](http://www.insurance.mo.gov), or by mailing a written request to the Department of Insurance, Financial Institutions and Professional Registration, PO Box 690, Jefferson City, MO 65102.

(4) For purposes of this rule and rule 20 CSR 200-18.020, the term "provider" refers only to the party that is contractually obligated to provide service under a service contract. Such term does not refer to an administrator or seller of the product that is not so obligated.

*AUTHORITY: section 385.318, RSMo 2016.\* Original rule filed Jan. 29, 2008, effective Sept. 30, 2008. Amended: Filed Jan. 8, 2019, effective July 30, 2019.*

*\*Original authority: 385.318, RSMo 2007.*

#### **20 CSR 200-18.120 Faithful Performance of a Service Contract Provider's Obligations (Non-Motor Vehicle)**

*PURPOSE: This rule effectuates the provisions of sections 385.300 to 385.320, RSMo, regarding assuring the faithful performance of a provider's obligations to its contract holders.*

(1) Each provider who is contractually obligated to the service contract holder under the terms of a service contract is responsible for maintaining proof of its assurances of faithful performance and its continuing compliance with the requirements of section 385.302, RSMo, with the director.

(2) The following applies to reimbursement insurance policies used to assure the faithful performance of a provider's obligations to its



contract holders as set forth in section 385.302.4(3), RSMo:

(A) Any such policy is acceptable only if it is issued by an insurance company authorized, registered, or otherwise permitted to transact liability insurance in this state, or a surplus lines insurer authorized pursuant to the laws of this state and which insurer meets the surplus requirements of section 385.302.4(4), RSMo. As used in this paragraph, the term “insurance company authorized to transact insurance in this state” includes a financially responsible risk retention group (RRG) meeting the following requirements:

1. Such RRG is registered in good standing with the director pursuant to sections 375.1080–375.1105, RSMo;

2. Such RRG is not in a hazardous financial condition; and

3. Such RRG is authorized to transact liability insurance in this state.

(B) Any such policy is acceptable only if it assures the satisfaction of all obligations and liabilities of the provider under the terms of service contracts issued while the reimbursement insurance policy is in effect in the event of nonperformance by the provider. No policy with any provision imposing a deductible or retention payable by the policyholder or any claimant under the policy will satisfy this requirement.

(C) Any such policy is acceptable only if it contains a provision requiring the insurer issuing such policy to provide the director with at least sixty (60) days prior notice of insurer’s termination of such policy by delivering notice to the director.

(3) The following applies to each funded reserve account as set forth in section 385.302.4(1)(a), RSMo. Such account may be used to establish compliance with section 385.302.4(1)(a), RSMo, only if such account satisfies the following requirements:

(A) Such account is maintained in cash or cash assets of a value sufficient to meet the reserve requirements of section 385.302.4(1)(a), RSMo;

(B) Such account is maintained exclusively for the satisfaction of the provider’s obligations to service contract holders under Missouri service contracts;

(C) Such account is maintained at a qualified financial institution which is insured by the Federal Deposit Insurance Corporation; and

(D) Such account is maintained at a level and in a manner which is consistent with the requirements of this rule and the laws of this state.

(4) The following applies to financial securi-

ty deposits placed in trust with the director as set forth in section 385.302.4(1)(b), RSMo. Such deposit may be used to establish compliance with section 385.202.3(2)(b), RSMo, only if the deposit satisfies the following requirements:

(A) The value of such deposit is at least that amount established under section 385.302.4(b); and

(B) To the extent that such deposit consists of—

1. A surety bond issued by an authorized surety, as provided in section 385.302.4(2)(b)a, RSMo, the bond will be acceptable only if the bond is completed on the Bond of Service Contract Provider Form (Form SC-3), provided by the director;

2. Cash or securities as permitted by section 385.302.4(1)(b)b or c, RSMo, such cash or securities will be acceptable only if the deposit is made with the same depository and upon the same terms and conditions as the capital deposits of insurance companies domiciled in this state, except that the amount of the deposit will be determined by the provisions of section 385.302.4(1)(b), RSMo;

3. A letter of credit, as provided in section 385.302.4(1)(b)d, RSMo, such letter of credit will be acceptable if it complies with the following requirements:

A. The letter of credit is clean, irrevocable, and unconditional;

B. The beneficiary is the director and his or her successors in office;

C. The letter of credit is issued by a qualified financial institution;

D. The letter of credit contains a statement to the effect that the obligation of the qualified United States financial institution under the letter of credit is in no way contingent upon reimbursement with respect thereto; and

E. The letter of credit includes an issue date and expiration date. The term of the letter of credit will be at least one (1) year and will be subject to an “evergreen clause” that prevents the expiration of the letter of credit without due notice from the provider of no less than thirty (30) days’ to the director.

(5) The following applies to each provider maintaining a net worth of one hundred (100) million dollars and establishing such net worth through the provider’s parent company, as set forth in section 385.302.4(2)(b), RSMo. To be accepted as proof that the provider has assured faithful performance of the provider’s obligations to its contract holders, the guarantee will be filed with the director in a writing that substantially conforms to the Guaranty of Service Contract Obligations Form (Form SC-4) provided by the director.

*AUTHORITY: section 385.318, RSMo 2016.\* Original rule filed Jan. 29, 2008, effective Sept. 30, 2008. Amended: Filed Jan. 8, 2019, effective July 30, 2019.*

*\*Original authority: 385.318, RSMo 2007.*