

REQUIRED PROVISIONS OF THE REIMBURSEMENT INSURANCE POLICY

1. Reimbursement insurance policies insuring service contracts sold in this state shall provide that, upon failure of the provider to perform under the service contract, including, without limitation, failure to refund or credit the unearned portion of the purchase price of the service contract to the extent required by Title 8, Chapter 32, Code of Alabama, 1975, the insurer that issued the reimbursement insurance policy (a) shall pay on behalf of the provider any sums the provider is legally obligated to pay to a service contract holder, or (b) shall provide the service which the provider is legally obligated to perform, according to the provider's contractual obligations under the service contracts sold by the provider.
2. The reimbursement insurance company shall be responsible to refund only the unearned premium net of the unearned provider fee, and the provider shall be responsible for refunding or crediting the unearned provider fee in excess of the unearned premium.
3. If the provider fails to refund or credit any portion of the unearned provider fee required to be refunded or credited by the Act, the reimbursement insurance company shall be responsible for the entire refund of the unearned premium and unearned provider fee. The amount of the reserve relative to the unearned provider fee to be maintained by the reimbursement insurance company shall be based on the loss experience of the reimbursement insurance company as certified by an actuary.