

Home Service Contract Act Contractual Liability Policy (CLP) Checklist

Contract Language and Provisions that must be included in the policy:

- Policy must contain the provision that: “One hundred percent (100%) of the claim exposure” is covered by the policy.
- The cancellation notice period must be, at least, 60 days prior to cancellation or nonrenewal of the policy.
- Policy must contain the provision that: “in the event that the provider is unable to fulfill its obligation under contracts issued in this state for any reason, including insolvency, bankruptcy, or dissolution, the insurer shall pay losses and unearned premiums under such plans directly to the person making a claim under the contract”.
- Policy must contain the provision that: “The insurer issuing the insurance policy shall assume full responsibility for the administration of claims in the event of the inability of the association to do so.

Insurer requirements to qualify to issue Contractual Liability Policies:

- Insurer must be licensed, registered, or otherwise authorized to do business in this state.
- Insurer rating must be a “B++” or better by A.M. Best Company Inc.

Title 36 O.S. §6753 (D) “The Insurer providing the insurance policy used to satisfy the financial responsibility requirements of paragraph 3 of subsection C of this section **shall meet one of the following standards**”.

Please select which of the requirements the insurer meets by placing an “X” on the line next to the section.

Insurer meets the requirements of number 1:

1. “The insurer shall, at the time the policy is filed with the Commissioner, and continuously thereafter:
 - a. maintain surplus as to policy holders and paid-in capital of at least Fifteen Million Dollars (\$15,000,000), and
 - b. annually file copies of the audited financial statements of the insurer, its NAIC Annual Statement, and the actuarial certification required by and filed in the state of domicile of the insurer”

OR

Insurer meets the requirements of number 2:

2. “The insurer shall, at the time the policy is filed with the Commissioner, and continuously thereafter:
 - a. maintain surplus as to policy holders and paid-in capital of less than Fifteen Million Dollars (\$15,000,000) but at least equal to Ten Million Dollars (\$10,000,000),
 - b. demonstrate to the satisfaction of the Commissioner that the company maintains a ratio of net written premiums, wherever written, to surplus as to policyholders and paid-in capital of not greater than three to one, and
 - c. annually file copies of the audited financial statements of the insurer, its NAIC Annual Statement, and the actuarial certification required by and filed in the state of domicile of the insurer”