



BOND OF SERVICE COMPANY

BOND NUMBER _____

STATE OF _____)

COUNTY OF _____)

We, _____, incorporated under the laws of the state of _____ and authorized by the Corporate Commission of the State of Arizona to transact business in this state, as PRINCIPAL, and _____, a corporation under the laws of the state of _____ duly licensed to transact a surety business in the state of Arizona, as SURETY, are indebted and bound to Arizona service contract holders of _____ in the sum of _____ Thousand Dollars (\$_____,000), for which payment we bind ourselves and our legal representatives and successors jointly and severally.

The condition of this obligation is that the PRINCIPAL is desirous of selling and will hereafter sell certain service contracts in Arizona. It is required by the State of Arizona that a surety bond in the amount of _____ be placed with the State of Arizona.

If the PRINCIPAL and all its agents and employees shall faithfully and honestly perform all their obligations under said service contracts in accordance with A.R.S. § 20-1095 through 20-1095.10 then this obligation shall be null and void; otherwise, it shall be in full force and effect.

The terms of this surety bond shall be interpreted to be consistent with the intent of the applicable Laws and Rules of the State of Arizona Department of Insurance, and specific reference is made to A.R.S. § 20-1095 through 20-1095.10. It is expressly provided that:

1. In the event the PRINCIPAL becomes insolvent or fails to pay any valid service contract claim, the service contract holder shall be deemed to be an insured of the SURETY and may, in addition to any other remedy that he may have, bring action in his own name on this bond for the recovery of damage sustained by him under the terms of the service contract.
2. The total aggregate liability of the surety hereon shall be limited to the sum of _____ Thousand Dollars (\$_____,000).
3. This bond shall be deemed continuous in form and shall remain in full force and effect unless terminated or cancelled in a manner hereinafter provided.
4. This bond covers all service contracts issued or sold by PRINCIPAL during the policy term excluding those contracts for which a motor vehicle manufacturer is financially responsible.
5. In the event SURETY is placed into receivership, service contract holders of the PRINCIPAL shall be deemed to be policyholders for purposes of receivership.
6. This bond may not be terminated for any reason without thirty (30) days written notice to the State of Arizona, Director of Insurance, by registered mail.
7. In the event the PRINCIPAL'S service contract holders are deemed to be insureds of the company under the provisions of this bond, the terms of the bond shall provide that any failure on the part of the PRINCIPAL to pay any amount due and owing under a service contract or warranty plan shall be covered by this bond to the same extent as the coverage provided by the service or warranty plan.
8. In the event this bond is terminated for any reason, the SURETY shall remain liable for all sums arising out of any service contract or warranty plan covered by this bond prior to the effective date of the bond termination.

9. No act, error or omission of the PRINCIPAL shall prejudice this bond as respects the PRINCIPAL'S service contract holders. However, the terms of this provision shall not inure to the benefit of the PRINCIPAL.

10. In the event PRINCIPAL and SURETY or either of them is served with any notice of any action brought against the PRINCIPAL or SURETY under this bond, written notice of the filing of such action shall be immediately given by the PRINCIPAL or SURETY, as each is served or notified, to the Director of Insurance of the State of Arizona.

IN WITNESS WHEREOF, the above bonded parties have executed this instrument under their several seals this _____ day of _____, 20____, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

(SIGNATURE OF SURETY MUST BE ACKNOWLEDGED BY A NOTARY)

Principal

By _____
Authorized Representative

Print Name & Title of Authorized Representative

Countersigned:

Resident Agent

Street Address

City State

Surety

By _____
Attorney in Fact

(Print Name of person signing as Attorney in Fact)

Before me this _____ day of _____ 20_____.

Countersigned at:

STATE OF ARIZONA,)

)

COUNTY OF _____)

Notary Public

My Commission will expire _____

NOTE: Power of Attorney must be attached.

BOND NUMBER _____