

59A-58-6. Security required for registration of provider.

A. To ensure the faithful performance of a provider's obligations to the provider's contract holders, a provider shall maintain a deposit with the superintendent as provided in this section.

B. A provider of a service contract shall deposit fifty thousand dollars (\$50,000) unless the contract covers the following, in which case the provider shall deposit one hundred thousand dollars (\$100,000):

(1) a motor vehicle; and

(2) mechanical, plumbing and electrical systems and appliances at a residential dwelling when the service contract was sold in conjunction with the sale of the residential dwelling.

C. Deposits required pursuant to Subsection B of this section shall be:

(1) a surety bond issued by a surety company authorized to do business in New Mexico on a form acceptable to the superintendent;

(2) securities of the type eligible for deposit by an insurance company; or

(3) a clean and irrevocable letter of credit issued by a financial institution acceptable to the superintendent.

D. Additional financial security may be required of any provider when it is determined by the superintendent that an additional deposit is necessary for the protection of the public.

E. The provisions of this section shall not apply to major manufacturing companies' service contracts.