

PRESS RELEASE



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Insurance Director Suspends U.S. Home Warranty Permit; Schedules Revocation Hearing

Arizona Insurance Director Charles R. Cohen on Dec. 7 suspended the service company permit of U.S. Home Warranty, L.L.C. A hearing to seek revocation of the permit is set for Jan. 17, 2001, before the Office of Administrative Hearings.

All telephone numbers for the company have been disconnected. Pedro Resendes, owner of the company, first obtained a service company permit on March 14, 2000. The permit authorized U.S. Home Warranty to issue service contracts to perform services related to the maintenance or repair of consumer products or appliances or electrical, plumbing, heating, cooling or air conditioning systems in residential properties.

A service company is required to file and maintain a \$100,000 cash deposit or bond with the Arizona Department of Insurance. Capitol Indemnity Corporation, which executed the bond for U.S. Home Warranty in March, notified the Insurance Department of its intention to cancel the bond effective Dec. 6, 2000, because of U.S. Home Warranty's failure to provide underwriting information. The Department notified Home Warranty of the statutory obligation to replace the cancelled bond, but the company has not responded.

The Insurance Department has received complaints and inquiries from consumers regarding their inability to contact U.S. Home Warranty for reimbursement and services under their service contracts. Consumers are being referred to Capitol Indemnity. According to the terms of the bond, losses on service contracts issued before Dec. 6, should be covered up to the limits of the bond.

Consumers with questions about service contracts issued by U.S. Home Warranty are encouraged to contact the Insurance Department's Consumer Affairs Division at (602) 912-8444 or (1-800) 325-2548.