

STATE OF OKLAHOMA

2nd Session of the 43rd Legislature (1992)

HOUSE BILL NO. 2335

BY: SEIKEL

AS INTRODUCED

AN ACT RELATING TO PROFESSIONS AND OCCUPATIONS;

AMENDING 59 O.S. 1991, SECTION 2007, WHICH RELATES TO BONDING REQUIREMENTS FOR HEALTH SPAS; EXEMPTING CERTAIN HEALTH SPAS FROM BONDING REQUIREMENTS; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 59 O.S. 1991, Section 2007, is amended to read as follows:

Section 2007. A. 1. ~~Every~~ Except as provided in this paragraph, every health spa, before it enters into a health spa contract or membership agreement or accepts an initiation or prepayment fee in excess of Fifty Dollars (\$50.00), shall file and maintain with the Administrator, in form and substance satisfactory to him, a bond with a corporate surety, from a company authorized to transact business in this state or a letter of credit from a bank insured by the Federal Deposit Insurance Corporation in the amounts indicated below:

Number of unexpired	Amount of bond
contracts or membership agreements	or letter of
exceeding six (6) months	credit
<u>150 or less</u>	<u>-0-</u>

<del>500 or less</del> <u>151 to 500</u>	\$30,000.00
501 to 1000	\$40,000.00
1001 to 1500	\$50,000.00
1501 to 2000	\$60,000.00
2001 or more	\$70,000.00

2. The number of unexpired contracts or membership agreements exceeding six (6) months shall be separately calculated for each location where health spa services are offered.

3. Each separate location where health spa services are offered shall be considered a separate health spa and shall file a separate bond or letter of credit with respect thereto, even though the separate locations are owned or operated by the same owner.

4. No owner shall be required to file with the Administrator bonds or letters of credit in excess of Seventy Thousand Dollars (\$70,000.00). If the seventy-thousand-dollar limit is applicable, then the bonds or letters of credit filed by such owner shall apply to all health spas owned or operated by the same owner.

B. The bond or letter of credit required by this section shall be in favor of the state for the benefit of:

1. any buyer injured by having paid money to the health spa posting the bond or letter of credit for health spa services in a facility which fails to open within sixty (60) days after the date upon which the buyer and the health spa entered into a contract or membership agreement or goes out of business prior to the expiration of the buyer's health spa contract or membership agreement; or

2. any buyer injured as a result of a violation of the Oklahoma Health Spa Act by the health spa posting the bond or letter of credit.

C. The aggregate liability of the bond or letter of credit to all persons for all breaches of the conditions of the bond or letter of credit shall in no event exceed the amount of the bond or letter

of credit. The bond or letter of credit shall not be canceled or terminated except with the consent of the Administrator.

SECTION 2. This act shall become effective September 1, 1992.

43-2-7353

JAF