

STATE OF OKLAHOMA

2nd Session of the 47th Legislature (2000)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 2673

By: Weaver

COMMITTEE SUBSTITUTE

An Act relating to financial and insurance institutions; amending 6 O.S. 1991, Section 402, as last amended by Section 6, Chapter 27, O.S.L. 1999 (6 O.S. Supp. 1999, Section 402), which relates to powers and duties of banks and trust companies; granting certain powers to operating subsidiary of bank; amending Section 62, Chapter 418, O.S.L. 1997 (36 O.S. Supp. 1999, Section 1424.13), which relates to licensing requirements for insurance entities; modifying exception to certain prohibition to licensure as insurance agency; and providing an effective date.

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

SECTION 1. AMENDATORY 6 O.S. 1991, Section 402, as last amended by Section 6, Chapter 27, O.S.L. 1999 (6 O.S. Supp. 1999, Section 402), is amended to read as follows:

Section 402. ~~All banks or trust companies~~ Any bank or trust company now or hereafter organized under the laws of this state shall, without specific mention thereof in its certificate of incorporation, have all the powers conferred by the Oklahoma Banking Code of 1997 and the following additional corporate powers:

1. To continue perpetually as a corporation;
2. To make contracts;
3. To sue and be sued, complain and defend, in its corporate name;
4. To sell any asset in the ordinary course of business;

5. To have a corporate seal, which may be altered at pleasure, and to use the same by causing it or a facsimile thereof to be impressed or affixed, or in any manner reproduced;

6. To make, alter, amend, and repeal bylaws, not inconsistent with its certificate of incorporation or with law, for the administration and regulation of the affairs of the corporation;

7. To elect, appoint or remove officers and agents of the corporation and to define their duties and fix their compensation;

8. To adopt and operate reasonable bonus, profit-sharing and pension plans for officers and employees;

9. To make contributions to or for the use or benefit of the following:

- a. the United States, any state, territory, or political subdivision thereof, the District of Columbia or any possession of the United States, for exclusively public purposes,
- b. a corporation, foundation, trust, community chest, or other organization created or organized in the United States, or in any state or territory, or of the District of Columbia, or of any possession of the United States, and organized and operated exclusively for religious, charitable, scientific, veteran rehabilitation service, civic enterprise, literary or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation, or
- c. other lawful expenditures, contributions and donations; to the extent authorized, approved, or ratified by action of the board of directors of the

corporation, except as otherwise specifically provided or limited by its certificate of incorporation, its bylaws, or by resolution duly adopted by its stockholders;

10. ~~A bank shall have the power to~~ To exercise by its directors, ~~duly authorized officers or agents,~~ all such incidental powers as ~~shall~~ may be necessary or desirable to carry on the banking business including, but not limited to, ~~all such~~ powers as may now or hereafter be conferred upon national banks by the laws of the United States and the regulations and policies of the ~~U.S.~~ United States Comptroller of the Currency, unless otherwise prohibited or limited by the State Banking Commissioner or the State Banking Board. Upon approval of the Commissioner, and subject to all applicable federal and state laws, the operating subsidiaries of a bank may exercise any power and engage in any activity that is permitted for an operating subsidiary of a national bank pursuant to laws of the United States and the regulations and policies of the United States Comptroller of the Currency, unless otherwise prohibited or limited by the Commissioner or the Board;

11. ~~A bank shall have the power to~~ To exercise by its directors, duly authorized officers or agents, subject to law, all such powers as shall be necessary to carry on the banking business;

12. ~~A bank now or hereafter organized under the laws of this state, without~~ Without specific mention in its charter, ~~shall also have the power~~ to act as escrow agent;

13. ~~A bank may~~ To purchase for its own account investment securities under such limitations and restrictions as the Commissioner may prescribe by policy statement pursuant to subsection F of Section 204 of this title;

14. To lease, hold, purchase and convey any and all real estate in the manner provided in this Code and not otherwise;

15. To act as fiscal or transfer agent, executor, administrator, guardian of estates, assignee, receiver, depository and trustee, provided such bank or trust company has complied with the laws of this state relating to the organization and regulation of trust companies;

16. To issue and sell securities as the Commissioner may prescribe by policy statement pursuant to subsection F of Section 204 of this title;

17. To invest in tangible personal property, including, without limitation, vehicles, manufactured homes, machinery, equipment, or furniture, for lease financing transactions on a net-lease basis, subject to rule or order of the Commissioner limiting the amount the bank may invest in such property;

18. To make investments designed primarily to promote the public welfare, including the welfare of low- and moderate-income communities or families, such as by providing housing, services, or jobs. A state bank may make such investments directly or by purchasing interests in an entity primarily engaged in making such investments. A state bank shall not make any such investment if the investment would expose the bank to unlimited liability. The aggregate investment of a state bank under this subsection shall not exceed ten percent (10%) of the capital of the bank; and

19. Upon approval by the Commissioner, ~~a bank may~~ to underwrite issues of securities or stock through a subsidiary.

SECTION 2. AMENDATORY Section 62, Chapter 418, O.S.L. 1997 (36 O.S. Supp. 1999, Section 1424.13), is amended to read as follows:

Section 1424.13 A. Any person or legal entity authorized to do business in ~~Oklahoma~~ this state may be licensed as an insurance agent, surplus lines insurance broker, or limited insurance representative or insurance consultant.

B. In the case of a partnership which has been licensed, each general partner and each other individual acting for the partnership, and in the case of any entity which has been licensed each individual acting for the entity as an agent, surplus lines insurance broker, limited insurance representative or consultant, shall be named in the license and shall qualify therefor as though an individual licensee. The State Insurance Commissioner shall charge a full additional license fee and a separate license shall be issued for each individual so named in such license. The agency shall notify the Commissioner within fifteen (15) days if any individual licensed on its behalf has been terminated, is no longer associated with the agency, or has left its employ.

C. A nonresident of this state shall only be named in a license for a resident insurance agency as a nonresident agent.

D. A domestic insurance agency must be organized pursuant to the provisions of the laws of this state and must maintain its principal place of business in this state.

E. A license shall not be issued in a trade name except upon proof satisfactory to the Commissioner that the trade name has been lawfully registered.

F. No entity shall be licensed as an agency unless the insurance business to be transacted pursuant to the license is the primary purpose of the entity as described in its organizing documents or the entity is a ~~bank~~ national banking association that qualifies for an insurance ~~agent~~ agency license pursuant to federal law or the regulations and policies of the United States Comptroller of the Currency issued pursuant thereto, or a bank that qualifies for an insurance agency license pursuant to Section 92 of Title 12 of the United States Code or subsection (10) paragraph 10 of Section 402 of Title 6 of the Oklahoma Statutes. Any entity that owns an interest in or is a partner in a licensed agency shall also qualify for and obtain an agency license pursuant to this section, unless

the owning entity is a bank ~~that qualifies for an insurance agent license pursuant to Section 92 of Title 12 of the United States Code or subsection (10) of Section 402 of Title 6 of the Oklahoma Statutes~~ or a national banking association, or the owning entity lawfully owned its interest in the licensed agency prior to ~~the effective date of this act~~ November 1, 1997. The provisions of this ~~paragraph~~ subsection shall not apply to any person licensed as a title insurance agent.

G. The licensee shall notify the Commissioner of all changes among its members, directors, and officers, and all other individuals designated in the license within fifteen (15) days after ~~said~~ the change.

H. No person whose license as an insurance agent has been revoked by order of the Commissioner, nor any entity in which such person has a majority ownership interest, whether direct or indirect, shall own any interest in any entity licensed pursuant to the provisions of this section.

SECTION 3. This act shall become effective November 1, 2000.

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