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THE STATE SENATE
Thursday, February 21, 2002

Senate Bill No. 19

SENATE BILL NO. 19 - By: CAPPS of the Senate and BENSON, LEIST and HEFNER of the House.

An Act relating to fire protection districts; prohibiting giving or receiving certain reduced insurance rates for property located in rural fire protection districts for persons failing or refusing to pay assessments; providing for administrative penalty; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4809 of Title 36, unless there is created a duplication in numbering, reads as follows:

A. No property or casualty insurance company shall give any special or reduced rate for fire insurance on any risk because it is located in a rural fire protection district or in an area protected by a rural fire department in which the district or department is wholly or partially funded by dues or subscription payments paid by owners of property who are members of an association supporting the rural fire department to any person who fails or refuses to pay the appropriate dues or subscription payments for support of the district or department.

B. Property owners owning property in more than one fire district or fire department area relying on dues or subscriptions

1 for partial or complete funding shall pay dues to each fire district
2 or fire department in whose district or area they own property if
3 they wish to receive special or reduced rates for property and
4 casualty insurance.

5 C. It is unlawful for any insurance agent or company to
6 knowingly write an initial or renewal policy of fire insurance
7 coverage on any risk located in a rural fire protection district or
8 in any area protected by a rural fire department at any special or
9 reduced rate or with any rate credit based on location of the risk
10 in the district or area without having first obtained from the
11 insured or from the rural fire protection district or rural fire
12 department evidence that current dues or subscription payments, if
13 any, for the property to be insured have been paid. The evidence
14 required by the insurer may be, but is not limited to, a receipt,
15 canceled check, or other valid proof of payment.

16 D. If any agent is found by the Insurance Commissioner to have
17 violated the provisions of this subsection, the agent shall be
18 liable for an administrative penalty of Twenty-five Dollars (\$25.00)
19 for the first violation and Fifty Dollars (\$50.00) for the second
20 violation. For any subsequent violation, the agent shall be liable
21 for an administrative penalty equal to the difference between the
22 amount of the premium actually charged on the particular policy
23 involved, based on the special rate and the amount of the premium

1 which would have been charged if the special rate had not been
2 applied.

3 SECTION 2. This act shall become effective November 1, 2001.

4 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS & LABOR, dated 2-18-02 -
5 DO PASS, As Coauthored.