

1 STATE OF OKLAHOMA

2 1st Session of the 51st Legislature (2007)

3 COMMITTEE SUBSTITUTE
4 FOR ENGROSSED
5 HOUSE BILL 1960

By: Peterson (Ron) of the House

6 and

7 Brown of the Senate

8
9 COMMITTEE SUBSTITUTE

10 [insurance - codification - effective date

11 - emergency]

12
13
14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 1. AMENDATORY Section 1, Chapter 68, O.S.L.
16 2002, as amended by Section 1, Chapter 235, O.S.L. 2003 (36 O.S.
17 Supp. 2006, Section 4809), is amended to read as follows:

18 Section 4809. A. No property or casualty insurance company
19 shall give any special or reduced rate for fire insurance on any
20 risk because it is located in a rural fire protection district or in
21 an area protected by a rural fire department in which the district
22 or department is wholly or partially funded by dues or subscription
23 payments paid by owners of property who are members of an
24 association supporting the rural fire department to any person who

1 fails or refuses to pay the appropriate dues or subscription
2 payments for support of the district or department pursuant to the
3 procedure outlined in subsection C of this section.

4 B. Property owners owning property in more than one fire
5 district or fire department area relying on dues or subscriptions
6 for partial or complete funding shall pay dues to a fire district or
7 fire department in whose district or area they own property if they
8 wish to receive special or reduced rates for property and casualty
9 insurance.

10 C. It is unlawful for any insurance agent or company to
11 knowingly write an initial policy of fire insurance coverage or to
12 rewrite such a policy on any risk located in a rural fire protection
13 district or in any area protected by a rural fire department at any
14 special or reduced rate or with any rate credit based on location of
15 the risk in the district or area without having first obtained from
16 the insured or from the rural fire protection district or rural fire
17 department evidence that current dues or subscription payments, if
18 any, for the property to be insured have been paid. The evidence
19 required by the insurer may be a receipt, canceled check, or other
20 valid proof of payment.

21 ~~D. If any agent is found by the Insurance Commissioner to have~~
22 ~~violated the provisions of this subsection, the agent shall be~~
23 ~~liable for an administrative penalty of Twenty-five Dollars (\$25.00)~~
24

1 ~~for the first violation and Fifty Dollars (\$50.00) for any~~
2 ~~subsequent violation.~~

3 SECTION 2. AMENDATORY 36 O.S. 2001, Section 982, as
4 amended by Section 13, Chapter 519, O.S.L. 2004 (36 O.S. Supp. 2006,
5 Section 982), is amended to read as follows:

6 Section 982. Definitions.

7 As used in the Property and Casualty Competitive Loss Cost
8 Rating Act:

9 1. "Accepted actuarial standards" means the standards adopted
10 by the Casualty Actuarial Society Statement of Principles regarding
11 property and casualty ratemaking or the Standards of Practice
12 adopted by the Actuarial Standards Board;

13 2. "Advisory organization" means any corporation,
14 unincorporated association, partnership or person, whether located
15 inside or outside this state, that is licensed in accordance with
16 Section ~~994~~ 1140 of this title and which assists insurers in
17 ratemaking-related activities such as enumerated in Section ~~993~~ 1142
18 of this title;

19 3. "Classification system" or "classification" means the
20 process of grouping risks with similar risk characteristics so that
21 differences in costs may be recognized;

22 4. "Commercial risk" means any kind of risk that is not a
23 personal risk;

24

1 5. "Commissioner" means the Commissioner of Insurance of this
2 state;

3 6. "Competitive market" means a market which has not been found
4 to be noncompetitive pursuant to Section 984 of this title;

5 7. "Developed losses" means losses, including loss adjustment
6 expenses, adjusted using accepted actuarial standards, to eliminate
7 the effect of differences between current payment or reserve
8 estimates and those which are anticipated to provide actual ultimate
9 loss, including loss adjustment expense payments;

10 8. "Expenses" means that portion of a rate attributable to
11 acquisition, field supervision, collection expenses, general
12 expenses, taxes, licenses and fees;

13 9. "Experience rating" means a rating procedure utilizing past
14 insurance experience of the individual policyholder to forecast
15 future losses by measuring the policyholder's loss experience
16 against the loss experience of policyholders in the same
17 classification to produce a prospective premium credit, debit or
18 unity modification;

19 10. "Joint underwriting" means a voluntary arrangement
20 established to provide insurance coverage for a risk pursuant to
21 which two or more insurers jointly contract with the insured at a
22 price and under policy terms agreed upon between the insurers;

23 11. "Loss adjustment expense" means the expenses incurred by
24 the insurer in the course of settling claims;

1 12. "Market" means the statewide interaction between buyers and
2 sellers of identical or readily substitutable products that provide
3 insurance protection of identifiable perils to buyers;

4 13. "Mass marketed plan" means a method of selling property-
5 liability insurance wherein the insurance is offered to employees of
6 particular employers or to members of particular associations or
7 organizations or to persons grouped in other ways, and the employer
8 or association or other organization has agreed to, or otherwise
9 affiliated itself with, the sale of such insurance to its employees
10 or members;

11 14. "Noncompetitive market" means a market for which there is a
12 ruling in effect pursuant to Section 984 of this title that a
13 reasonable degree of competition does not exist;

14 15. "Personal risk" means homeowners, tenants, private
15 passenger nonfleet automobiles, manufactured homes and other
16 property and casualty insurance for personal, family or household
17 needs, including any property and casualty insurance that is
18 otherwise intended for noncommercial coverage;

19 16. "Pool" means a voluntary arrangement, established on an
20 ongoing basis, pursuant to which two or more insurers participate in
21 the sharing of risks on a predetermined basis. The pool may operate
22 through an association, syndicate or other pooling agreement;

23 17. "Prospective loss costs" means historical aggregate losses
24 and may include loss adjustment expenses, including all assessments

1 that are loss based, projected through development to their ultimate
2 value and through trending to a future point in time;

3 18. "Pure premium rate" means that portion of the rate which
4 represents the loss costs per unit of exposure including loss
5 adjustment expense;

6 19. "Rate" or "rates" means that cost of insurance per exposure
7 unit whether expressed as a single number or as a prospective loss
8 cost with an adjustment to account for the treatment of expenses,
9 profit, and individual insurer variation in loss experience, prior
10 to any application of individual risk variations based on loss or
11 expense considerations, and does not include minimum premium;

12 20. "Residual market mechanism" means an arrangement, either
13 voluntary or mandated by law, involving participation by insurers in
14 the equitable apportionment among them of insurance which may be
15 afforded applicants who are unable to obtain insurance through
16 ordinary methods;

17 21. "Special assessments" means guaranty fund assessments,
18 Special Indemnity Fund assessments, Vocational Rehabilitation Fund
19 assessments, and other similar assessments. Special assessments
20 shall not be considered as either expenses or losses;

21 22. "Statistical plan" means the plan, system or arrangement
22 used in collecting data;

23 23. "Supplementary rating information" means any manual or plan
24 of rates, classification, rating schedule, minimum premium, policy

1 fee rating rule and any other information needed to determine the
2 applicable premium in effect or to be in effect. This includes,
3 rating plans, territory codes and descriptions and rules which
4 include factors or relativities such as increased limits factors,
5 deductible discounts or relativities, classification relativities or
6 similar factors used to determine the rate in effect or to be in
7 effect;

8 24. "Supporting information" means the experience and judgment
9 of the filer and the experience or data of other insurers or
10 advisory organizations relied upon by the filer, the interpretation
11 of any other data relied upon by the filer, descriptions of methods
12 used in making the rates and any other information required by the
13 Commissioner to be filed; and

14 25. "Trending" means any procedure for projecting losses to the
15 average date of loss, or premiums or exposures to the average date
16 of writing, for the period during which the policies are to be
17 effective.

18 SECTION 3. AMENDATORY 36 O.S. 2001, Section 987, as last
19 amended by Section 7, Chapter 129, O.S.L. 2005 (36 O.S. Supp. 2006,
20 Section 987), is amended to read as follows:

21 Section 987. Rate Filings.

22 A. In a competitive market, every insurer shall file with the
23 Commissioner all rates and supplementary rate information to be used
24 in this state no later than thirty (30) days after the effective

1 date; provided, that the rates and supplementary rate information
2 need not be filed for commercial risks, which by general custom are
3 not written according to manual rules or rating plans.

4 B. In a noncompetitive market, every insurer shall file with
5 the Commissioner all rates, supplementary rate information and
6 supporting information at least thirty (30) days before the proposed
7 effective date. The Commissioner may give written notice, within
8 thirty (30) days of receipt of the filing, that the Commissioner
9 needs additional time, not to exceed thirty (30) days from the date
10 of the notice to consider the filing. Upon written application of
11 the insurer, the Commissioner may authorize rates to be effective
12 before the expiration of the waiting period or an extension thereof.
13 A filing shall be deemed to meet the requirements of the Property
14 and Casualty Competitive Loss Cost Rating Act and to become
15 effective unless disapproved pursuant to ~~Section 988~~ of this title
16 by the Commissioner before the expiration of the waiting period or
17 an extension thereof.

18 In a noncompetitive market, the filing shall be deemed in
19 compliance with the filing provision of this section unless the
20 Commissioner informs the insurer within ten (10) days after receipt
21 of the filings as to what supplementary rate information or
22 supporting information is required to complete the filing.

23 C. Every authorized insurer shall file with the Commissioner,
24 except as to rates for those lines of insurance exempted from the

1 provisions of the Property and Casualty Competitive Loss Cost Rating
2 Act by the Commissioner under subsections E and F of this section
3 and except for those risks designated as special risks under Section
4 997 of this title, all rates, supplementary rate information and any
5 changes and amendments which it proposes to use. An insurer may
6 file its rates by either filing its final rates or by filing a
7 multiplier and, if applicable, an expense constant adjustment to be
8 applied to prospective loss costs that have been filed by an
9 advisory organization as permitted by ~~Section 993~~ of this title.
10 Such loss cost multiplier filing and expense constant filings made
11 by insurers shall remain in effect until amended or withdrawn by the
12 insurer. Every filing shall state the effective date.

13 D. Under rules as may be adopted, the Commissioner may, by
14 written order, suspend or modify the requirement of filing as to any
15 kind of insurance, subdivision or combination thereof, or as to
16 classes of risks.

17 E. Notwithstanding any other provision of the Property and
18 Casualty Competitive Loss Cost Rating Act, upon the written consent
19 of the insured in a separate written document, a rate in excess of
20 that determined in accordance with the other provisions of the
21 Property and Casualty Competitive Loss Cost Rating Act may be used
22 on a specific risk.

23 F. A filing and any supporting information required to be filed
24 shall be open to public inspection once the filing becomes effective

1 except information marked confidential, trade secret, or proprietary
2 by the insurer or filer. The insurer or filer shall have the
3 burden of asserting to the Commissioner that a filing and supporting
4 information are confidential, upon the request of the Commissioner.
5 The Commissioner may disapprove of the insurer's request for
6 confidential filing status.

7 SECTION 4. AMENDATORY 36 O.S. 2001, Section 992, as
8 amended by Section 9, Chapter 129, O.S.L. 2005 (36 O.S. Supp. 2006,
9 Section 992), is amended to read as follows:

10 Section 992. Insurers ~~and Advisory Organization~~; Prohibited
11 Activity.

12 A. No insurer ~~or advisory organization~~ shall:

13 1. Attempt to monopolize, or combine or conspire with any
14 person or persons to monopolize an insurance market;

15 2. Engage in a boycott, on a concerted basis, of an insurance
16 market; and

17 3. Except as set forth in subsection B of this section, agree
18 to mandate adherence to or to mandate use of any rate, prospective
19 loss cost, rating plan, rating schedule, rating rule, policy or bond
20 form, rate classification, rate territory, underwriting rule,
21 survey, inspection or similar material. Insurers and advisory
22 organizations may agree to develop and adhere to statistical plans
23 permitted by ~~Section 993~~ of this title.

1 B. The fact that two or more insurers, whether or not members
2 or subscribers of an advisory organization, use consistently or
3 intermittently the same rates, prospective loss costs, rating plans,
4 rating schedules, rating rules, policy or bond forms, rate
5 classifications, rate territories, underwriting rules, surveys or
6 inspections or similar materials is not sufficient in itself to
7 support a finding that an agreement exists.

8 C. Two or more insurers having a common ownership or operating
9 in this state under common management or control may act in concert
10 between or among themselves with respect to any matters pertaining
11 to those activities authorized in the Property and Casualty
12 Competitive Loss Cost Rating Act as if they constituted a single
13 insurer.

14 ~~D. Except as specifically permitted under Section 993 of this~~
15 ~~title, no advisory organization shall compile or distribute~~
16 ~~recommendations relating to rates that include expenses (other than~~
17 ~~loss adjustment expenses or loss-based taxes and assessments) or~~
18 ~~profit.~~

19 SECTION 5. AMENDATORY 36 O.S. 2001, Section 995, is
20 amended to read as follows:

21 Section 995. Joint Underwriting, Joint Reinsurance Pool and
22 Residual Market Activities.

23 A. This section shall not apply to transactions involving the
24 CompSource Oklahoma State Insurance Fund.

1 B. Notwithstanding paragraph 3 of subsection A of Section ~~12~~
2 992 of this ~~act~~ title, insurers participating in joint underwriting,
3 joint reinsurance pools or residual market mechanisms may in
4 connection with such activity act in cooperation with each other in
5 the making of rates, rating systems, policy forms, underwriting
6 rules, surveys, inspections and investigations, the furnishing of
7 loss and expense statistics or other information, or carrying on
8 research. Joint underwriting, joint reinsurance pools and residual
9 market mechanisms shall not be deemed an advisory organization.

10 C. Except to the extent modified by this section, joint
11 underwriting, joint reinsurance pool and residual market mechanism
12 activities are subject to the other provisions of the ~~Commercial~~
13 Property and Casualty Competitive Loss Cost Rating Act.

14 D. If, after a hearing, the Commissioner finds that any
15 activity or practice of an insurer participating in joint
16 underwriting or a pool is unfair, is unreasonable, will tend to
17 lessen competition in any market or is otherwise inconsistent with
18 the provisions or purposes of the ~~Commercial~~ Property and Casualty
19 Competitive Loss Cost Rating Act, the Commissioner may issue a
20 written order and require the discontinuance of such activity or
21 practice.

22 E. Every pool shall file with the Commissioner a copy of its
23 constitution, articles of incorporation, agreement or association,
24 bylaws, rules and regulations governing its activities, list of

1 members, the name and address of a resident of this state upon whom
2 notice, orders of the Commissioner, or process may be served, and
3 any changes in amendments or changes in the foregoing.

4 F. Any residual market mechanism, plan or agreement to
5 implement such a mechanism, and any changes or amendments thereto,
6 shall be submitted in writing to the Commissioner for consideration
7 and approval, together with such information as may be reasonably
8 required.

9 SECTION 6. AMENDATORY 36 O.S. 2001, Section 996, is
10 amended to read as follows:

11 Section 996. Assigned Risks.

12 Agreements may be made among insurers with respect to the
13 equitable apportionment among them of insurance which may be
14 afforded applicants who are in good faith entitled to, but who are
15 unable to procure such insurance through ordinary methods, and such
16 insurers may agree among themselves on the use of reasonable rate
17 modifications for such insurance, such agreements and rate
18 modifications to be subject to the approval of the Commissioner.
19 Nothing in the ~~Commercial~~ Property and Casualty Competitive Loss
20 Cost Rating Act shall permit disapproval of a residual market plan
21 permitting an insurer to elect voluntary direct assignment.

22 SECTION 7. AMENDATORY 36 O.S. 2001, Section 998, is
23 amended to read as follows:

24 Section 998. Appeals from Commissioner.

1 A. Any party aggrieved by an order or decision of the
2 Commissioner may, within thirty (30) days after receiving the
3 Commissioner's notice, make written request for a hearing.

4 B. Any order, decision or act of the Commissioner pursuant to
5 the ~~Commercial~~ Property and Casualty Competitive Loss Cost Rating
6 Act is subject to judicial review upon petition of any person
7 aggrieved. The appeal shall be in accordance with the
8 Administrative Procedures Act.

9 SECTION 8. AMENDATORY Section 24, Chapter 519, O.S.L.
10 2004 (36 O.S. Supp. 2006, Section 1001), is amended to read as
11 follows:

12 Section 1001. Any order, ruling, finding, decision or other act
13 of the Oklahoma Insurance ~~Commission~~ Department made pursuant to the
14 Property and Casualty Competitive Loss Cost Rating Act shall be
15 subject to judicial review.

16 SECTION 9. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 1204.1 of Title 36, unless there
18 is created a duplication in numbering, reads as follows:

19 Property and casualty insurers shall make loss runs or claims
20 history available to current and former policyholders within thirty
21 (30) days upon a written request by the policyholder.

22 SECTION 10. AMENDATORY 36 O.S. 2001, Section 1219.4, as
23 last amended by Section 1, Chapter 425, O.S.L. 2005 (36 O.S. Supp.
24 2006, Section 1219.4), is amended to read as follows:

1 Section 1219.4 A. As used in this section:

2 1. "Direct contract" means a contractual arrangement tying the
3 ultimate seller purporting to offer discounts through the discount
4 card to the health care provider, which expressly states the intent
5 of this agreement to be used for the purpose of offering discounts
6 on health-related purchases to uninsured or noncovered persons;

7 2. "Discount card" means a card or any other purchasing
8 mechanism or device, which is not insurance, that purports to offer
9 discounts or access to discounts in health-related purchases from
10 health care providers;

11 3. "Discount medical plan" means a business arrangement or
12 contract in which a person, in exchange for fees, dues, charges, or
13 other consideration, provides access for plan members to providers
14 of medical services and the right to receive medical services from
15 those providers at a discount. The term discount medical plan does
16 not include any product regulated as an insurance product, group
17 health service product or health maintenance organization (HMO)
18 product in the State of Oklahoma or discounts provided by an
19 insurer, group health service, or health maintenance organizations
20 (HMOs) where those discounts are provided at no cost to the insured
21 or member and are offered due to coverage with a licensed insurer,
22 group health service, or HMO;

23 4. "Discount medical plan organization" means a person or an
24 entity which operates a discount medical plan;

1 5. "Health care provider" means any person or entity licensed
2 by this state to provide health care services including, but not
3 limited to, physicians, hospitals, home health agencies, pharmacies,
4 and dentists;

5 6. "Health care provider network" means an entity which directly
6 contracts with physicians and hospitals and has contractual rights to
7 negotiate on behalf of those health care providers with a discount
8 medical plan organization to provide medical services to members of
9 the discount medical plan organization;

10 7. "Marketer" means a person or entity who markets, promotes,
11 sells or distributes a discount medical plan, including a private
12 label entity that places its name on and markets or distributes a
13 discount medical plan but does not operate a discount medical plan;

14 8. "Medical services" means any care, service or treatment of
15 illness or dysfunction of, or injury to, the human body including,
16 but not limited to, physician care, inpatient care, hospital
17 surgical services, emergency services, ambulance services, dental
18 care services, vision care services, mental health services,
19 substance abuse services, chiropractic services, podiatric care
20 services, laboratory services, and medical equipment and supplies.
21 The term does not include pharmaceutical supplies or prescriptions;

22 9. "Member" means any person who pays fees, dues, charges, or
23 other consideration for the right to receive the purported benefits
24 of a discount medical plan; and

1 10. "Person" means an individual, corporation, business trust,
2 estate, trust, partnership, association, joint venture, limited
3 liability company, or any other government or commercial entity.

4 B. 1. Before doing business in this state as a discount
5 medical plan organization, an entity shall be a corporation, limited
6 liability corporation, partnership, limited liability partnership or
7 other legal entity, organized under the laws of this state or, if a
8 foreign entity, authorized to transact business in this state, and
9 shall be registered as a discount medical plan organization with the
10 Insurance Department of the State of Oklahoma or be licensed by the
11 Insurance Department of the State of Oklahoma as a licensed
12 insurance company, licensed HMO, licensed group health service
13 organization or motor service club.

14 2. To register as a discount medical plan organization, an
15 applicant shall:

16 a. file with the Insurance Department of the State of
17 Oklahoma an application on the form that the Insurance
18 Commissioner requires, and

19 b. pay to the Department an application fee of Two
20 Hundred Fifty Dollars (\$250.00).

21 3. A registration is valid for a one-year term.

22 4. A registration expires one year following the registration
23 unless it is renewed as provided in this subsection.

1 5. Before it expires, a registrant may renew the registration
2 for an additional one-year term if the registrant:

- 3 a. otherwise is entitled to be registered,
- 4 b. files with the Department a renewal application on the
5 form that the Insurance Commissioner requires, and
- 6 c. pays to the Department a renewal fee of Two Hundred
7 Fifty Dollars (\$250.00).

8 6. The Insurance Commissioner may deny a registration to an
9 applicant or refuse to renew, suspend, or revoke the registration of
10 a registrant if the applicant or registrant, or an officer,
11 director, or employee of the applicant or registrant:

- 12 a. makes a material misstatement or misrepresentation in
13 an application for registration,
- 14 b. fraudulently or deceptively obtains or attempts to
15 obtain a registration for the applicant or registrant
16 or for another,
- 17 c. in connection with the administration of a health care
18 discount program, commits fraud or engages in illegal
19 or dishonest activities, or
- 20 d. has violated any provisions of this section.

21 7. Prior to registration by the Insurance Department of the
22 State of Oklahoma, each discount medical plan organization shall
23 establish an Internet web site.
24

1 8. All amounts collected as registration or renewal fees shall
2 be deposited into the General Revenue Fund.

3 9. Nothing in this subsection shall require a provider who
4 provides discounts to his or her own patients to obtain and maintain
5 a registration as a discount medical plan organization.

6 10. a. Nothing in this subsection shall apply to an affiliate
7 of a licensed insurance company, HMO, group health
8 service organization or motor service club, provided
9 that the affiliate registers with and maintains
10 registration in good standing with the Insurance
11 Department of the State of Oklahoma in accordance with
12 subparagraphs b and c of this paragraph.

13 b. An affiliate shall register as a discount medical plan
14 organization on a form prescribed by the Insurance
15 Commissioner prior to the sale, marketing or
16 solicitation of a discount medical plan and pay an
17 application fee of One Hundred Dollars (\$100.00).

18 c. A registration shall expire one (1) year after the
19 date of registration, and each year on that date
20 thereafter. A registrant may renew the registration
21 if the registrant pays an annual registration fee of
22 One Hundred Dollars (\$100.00) and remains in good
23 standing with the Insurance Department of the State of
24 Oklahoma.

1 d. For purposes of this section, "affiliate" means a
2 person that, directly or indirectly through one or
3 more intermediaries, controls or is controlled by or
4 is under common control with an insurance company,
5 HMO, group health service organization or motor
6 service club licensed in this state.

7 C. 1. The Department may examine or investigate the business
8 and affairs of any discount medical plan organization. The
9 Department may require any discount medical plan organization or
10 applicant to produce any records, books, files, advertising and
11 solicitation materials, or other information and may take statements
12 under oath to determine whether the discount medical plan
13 organization or applicant is in violation of the law or is acting
14 contrary to the public interest. The expenses incurred in
15 conducting any examination or investigation shall be paid by the
16 discount medical plan organization or applicant. Examinations and
17 investigations shall be conducted as provided in Sections 309.1 and
18 309.3 through 309.7 of this title. Discount medical plan
19 organizations shall be governed by the provisions of this section
20 and shall not be subject to the provisions of the Insurance Code
21 unless specifically referenced.

22 2. Failure by the discount medical plan organization to pay the
23 expenses incurred under paragraph 1 of this subsection shall be
24

1 grounds for denial or revocation of the discount medical plan
2 organization's registration.

3 D. 1. A discount medical plan organization may charge a
4 reasonable one-time processing fee and a periodic charge.

5 2. If the member cancels the membership within the first thirty
6 (30) days after receipt of the discount card and other membership
7 materials, the member shall receive a reimbursement of all periodic
8 charges paid. The return of all periodic charges shall be made
9 within thirty (30) days of the date of the cancellation. If all of
10 the periodic charges have not been paid within thirty (30) days,
11 interest shall be assessed and paid on the proceeds at a rate of the
12 Treasury Bill rate of the preceding calendar year, plus two (2)
13 percentage points.

14 3. The right of cancellation shall be set out in the contract
15 on the first page, in ten-point type or larger.

16 4. If a discount medical plan charges for a time period in
17 excess of one (1) month, the plan shall, in the event of
18 cancellation of the membership by either party, make a pro rata
19 reimbursement of all periodic charges to the member.

20 E. 1. A discount medical plan organization may not:

21 a. use in its advertisements, marketing material,
22 brochures, and discount cards the terms "insurance",
23 "health plan", "coverage", "copay", "copayments",
24 "preexisting conditions", "guaranteed issue",

1 "premium", "PPO", "preferred provider organization",
2 or other terms in a manner that could reasonably
3 mislead a person to believe that the discount medical
4 plan is health insurance,

5 b. except for hospital services, have restrictions on
6 free access to plan providers including waiting
7 periods and notification periods, or

8 c. pay providers any fees for medical services.

9 2. A discount medical plan organization may not collect or
10 accept money from a member for payment to a provider for specific
11 medical services furnished or to be furnished to the member unless
12 the organization has an active license from the Insurance Department
13 of the State of Oklahoma to act as an administrator.

14 F. 1. The following disclosures, to be printed in not less
15 than twelve-point type, shall be made in writing to any prospective
16 member and shall appear on the first page of any advertisements,
17 marketing materials or brochures relating to a discount medical
18 plan:

19 a. that the plan is not insurance,

20 b. that the plan provides discounts with certain health
21 care providers for medical services,

22 c. that the plan does not make payments directly to the
23 providers of medical services,
24

- d. that the plan member is obligated to pay for all health care services but will receive a discount from those health care providers who have contracted with the discount plan organization, and
- e. the name and the location of the registered discount medical plan organization, including the current telephone number of the registered discount medical plan organization or other entity responsible for customer service for the plan, if different from the registered discount medical plan organization.

2. If the discount medical plan is sold, marketed, or solicited by telephone, the disclosures required by this section shall be made orally and provided in the initial written materials that describe the benefits under the discount medical plan provided to the prospective or new member.

3. The discount card provided to members shall prominently display the words "This is not insurance".

G. 1. All providers offering medical services to members under a discount medical plan shall provide such services pursuant to a written agreement. The agreement may be entered into directly by the health care provider or by a health care provider network to which the provider belongs if the provider network has contracts with the health care provider that allow the provider network to contract on behalf of the health care provider.

1 2. A health care provider agreement shall provide the
2 following:

- 3 a. a description of the services and products to be
4 provided at a discount,
- 5 b. the amount or amounts of the discounts or,
6 alternatively, a fee schedule which reflects the
7 health care provider's discounted rates, and
- 8 c. a provision that the health care provider will not
9 charge members more than the discounted rates.

10 3. A health care provider agreement with a health care provider
11 network shall require that the health care provider network have
12 written agreements with its health care providers that:

- 13 a. contain the terms described in paragraph 2 of this
14 subsection,
- 15 b. authorize the health care provider network to contract
16 with the discount medical plan organization on behalf
17 of the provider, and
- 18 c. require the network to maintain an up-to-date list of
19 its contracted health care providers and to provide
20 that list on a quarterly basis to the discount medical
21 plan organization.

22 4. The discount medical plan organization shall maintain a copy
23 of each active health care provider agreement into which it has
24 entered.

1 H. 1. There shall be a written agreement between the discount
2 medical plan organization and the member specifying the benefits
3 under the discount medical plan and complying with the disclosure
4 requirements of this section.

5 2. All forms used, including the written agreement pursuant to
6 the provisions of paragraph 2 of this subsection, shall first be
7 filed with the Department. Every form filed shall be identified by
8 a unique form number placed in the lower left corner of each form.
9 A filing fee of Twenty-five Dollars (\$25.00) per form shall be
10 payable to the Insurance Department of the State of Oklahoma for
11 deposit into the General Revenue Fund.

12 I. 1. Each discount medical plan organization required to be
13 registered pursuant to this section except an affiliate shall, at
14 all times, maintain a net worth of at least One Hundred Fifty
15 Thousand Dollars (\$150,000.00).

16 2. The Insurance Department of the State of Oklahoma may not
17 allow a registration unless the discount medical plan organization
18 has a net worth of at least One Hundred Fifty Thousand Dollars
19 (\$150,000.00).

20 J. 1. The Insurance Department of the State of Oklahoma may
21 suspend the authority of a discount medical plan organization to
22 enroll new members, revoke any registration issued to a discount
23 medical plan organization, or order compliance if the Department
24 finds that any of the following conditions exist:

- a. the organization is not operating in compliance with the provisions of this section,
- b. the organization does not have the minimum net worth as required by this section,
- c. the organization has advertised, merchandised or attempted to merchandise its services in such a manner as to misrepresent its services or capacity for service or has engaged in deceptive, misleading or unfair practices with respect to advertising or merchandising,
- d. the organization is not fulfilling its obligations as a discount medical plan organization, or
- e. the continued operation of the organization would be hazardous to its members.

2. If the Insurance Department of the State of Oklahoma has cause to believe that grounds for the suspension or revocation of a registration exist, the Department shall notify the discount medical plan organization in writing, specifically stating the grounds for suspension or revocation, and shall provide opportunity for a hearing on the matter in accordance with the Administrative Procedures Act and the Oklahoma Insurance Code.

3. When the registration of a discount medical plan organization is surrendered or revoked, such organization shall proceed, immediately following the effective date of the order of

1 revocation, to wind up its affairs transacted under the
2 registration. The organization may not engage in any further
3 advertising, solicitation, collecting of fees, or renewal of
4 contracts.

5 4. The Insurance Department of the State of Oklahoma shall, in
6 its order suspending the authority of a discount medical plan
7 organization to enroll new members, specify the period during which
8 the suspension is to be in effect and the conditions, if any, which
9 shall be met by the discount medical plan organization prior to
10 reinstatement of its registration to enroll new members. The order
11 of suspension is subject to rescission or modification by further
12 order of the Department prior to the expiration of the suspension
13 period. Reinstatement may not be made unless requested by the
14 discount medical plan organization; however, the Department may not
15 grant reinstatement if it finds that the circumstances for which the
16 suspension occurred still exist or are likely to reoccur.

17 K. Each discount medical plan organization required to be
18 registered pursuant to this section shall provide the Insurance
19 Department of the State of Oklahoma at least thirty (30) days'
20 advance notice of any change in the discount medical plan
21 organization's name, address, principal business address, or mailing
22 address.

23 L. Each discount medical plan organization shall maintain an
24 up-to-date list of the names and addresses of the providers with

1 which it has contracted on an Internet web site page, the address of
2 which shall be prominently displayed on all its advertisements,
3 marketing materials, brochures, and discount cards. This section
4 applies to those providers with whom the discount medical plan
5 organization has contracted directly, as well as those who are
6 members of a provider network with which the discount medical plan
7 organization has contracted.

8 M. 1. All advertisements, marketing materials, brochures and
9 discount cards used by marketers shall be approved in writing for
10 such use by the discount medical plan organization.

11 2. The discount medical plan organization shall have an
12 executed written agreement with a marketer prior to the marketer's
13 marketing, promoting, selling, or distributing the discount medical
14 plan.

15 N. The Insurance Commissioner may promulgate rules to
16 administer the provisions of this section.

17 O. Regulation of discount medical plan organizations shall be
18 done pursuant to the Administrative Procedures Act.

19 P. 1. A discount medical plan organization required to be
20 registered pursuant to this section except an affiliate shall
21 maintain a surety bond with the Insurance Department of the State of
22 Oklahoma, having at all times a value of not less than Thirty-five
23 Thousand Dollars (\$35,000.00), for use by the Department in
24 protecting plan members.

1 2. No judgment creditor or other claimant of a discount medical
2 plan organization, other than the Insurance Department of the State
3 of Oklahoma, shall have the right to levy upon the surety bond held
4 pursuant to the provisions of paragraph 1 of this subsection.

5 Q. 1. A person who knowingly and willfully operates as or aids
6 and abets another operating as a discount medical plan organization
7 in violation of subsection B of this section commits a felony,
8 punishable as provided for in Oklahoma law, as if the discount
9 medical plan organization were an unauthorized insurer, and the
10 fees, dues, charges, or other consideration collected from the
11 members by the discount medical plan organization or marketer were
12 insurance premium.

13 2. A person who collects fees for purported membership in a
14 discount medical plan but fails to provide the promised benefits
15 commits a theft, punishable as provided in Oklahoma law.

16 R. 1. In addition to the penalties and other enforcement
17 provisions of this section, the Department may seek both temporary
18 and permanent injunctive relief if:

- 19 a. a discount medical plan organization is being operated
20 by any person or entity that is not registered
21 pursuant to this section, or
22 b. any person, entity, or discount medical plan
23 organization has engaged in any activity prohibited by
24

1 this section or any rule adopted pursuant to this
2 section.

3 2. The venue for any proceeding brought pursuant to the
4 provisions of this section shall be in the district court of
5 Oklahoma County.

6 S. 1. The provisions of this section apply to the activities
7 of a discount medical plan organization that is not registered
8 pursuant to this section as if the discount medical plan
9 organization were an unauthorized insurer.

10 2. A discount medical plan organization being operated by any
11 person or entity that is not registered pursuant to this section, or
12 any person, entity or discount medical plan organization that has
13 engaged or is engaging in any activity prohibited by this section or
14 any rules adopted pursuant to this section shall be subject to the
15 Unauthorized Insurer Act as if the discount medical plan
16 organization were an unauthorized insurer, and shall be subject to
17 all the remedies available to the Insurance Commissioner under the
18 Unauthorized Insurer Act.

19 SECTION 11. AMENDATORY 36 O.S. 2001, Section 1435.7, as
20 last amended by Section 3, Chapter 150, O.S.L. 2003 (36 O.S. Supp.
21 2006, Section 1435.7), is amended to read as follows:

22 Section 1435.7 A. A person applying for a resident insurance
23 producer license shall make application to the Insurance
24 Commissioner on the Uniform Application or an application approved

1 by the Commissioner and declare under penalty of refusal, suspension
2 or revocation of the license that the statements made in the
3 application are true, correct and complete to the best of the
4 individual's knowledge and belief. Before approving the
5 application, the Insurance Commissioner shall find that the
6 individual:

7 1. Is at least eighteen (18) years of age;

8 2. Has not committed any act that is a ground for denial,
9 suspension or revocation set forth in Section 1435.13 of this title;

10 3. Where required by the Insurance Commissioner, has held a
11 provisional insurance producer license under Section 12 of this act
12 or has been appointed by an insurance company that has an approved
13 training program or has completed a prelicensing course of study for
14 the lines of authority for which the person has applied;

15 4. Has paid the fees set forth in Section 1435.23 of this
16 title; and

17 5. Has successfully passed the examinations for the lines of
18 authority for which the person has applied.

19 ~~B. In connection with the licensure of an applicant for a~~
20 ~~resident insurance producer license, the applicant shall submit~~
21 ~~either a letter from the appointing insurer verifying acceptance of~~
22 ~~responsibility for the actions of the applicant in the scope of that~~
23 ~~person's appointment, or submit and maintain an errors and omissions~~
24 ~~policy acceptable to the Commissioner, or, if errors and omissions~~

~~coverage is provided by the insurer for agents by utilizing a blanket errors and omissions policy for coverage, a copy of the policy providing the errors and omissions coverage shall be on file with the Commissioner. The insurer providing coverage shall maintain an accurate list of all agents covered by such policy.~~

C. A business entity acting as an insurance producer is required to obtain an insurance producer license. Application shall be made using the Uniform Business Entity Application or an application approved by the Commissioner. Before approving the application, the Insurance Commissioner shall find that:

1. The business entity has paid the fees set forth in Section 1435.23 of this title;

2. The business entity has designated a licensed producer responsible for the business entity's compliance with the insurance laws, rules and regulations of this state;

3. A domestic business entity is organized pursuant to the provisions of the laws of this state and maintains its principal place of business in this state;

4. No person whose license as an insurance producer has been revoked by order of the Commissioner, nor any business entity in which such person has a majority ownership interest, whether direct or indirect, owns any interest in the business entity licensed as an insurance producer; and

1 5. The business entity has provided proof satisfactory to the
2 Commissioner that a trade name has been lawfully registered for an
3 insurance producer license to be issued in a trade name.

4 ~~D.~~ C. A business entity acting as an insurance producer shall
5 notify the Commissioner of all changes among its members, directors
6 and officers and all other individuals designated in the license
7 within fifteen (15) days after the change.

8 ~~E.~~ D. An applicant for any license required by the provisions
9 of the Oklahoma Producer Licensing Act shall demonstrate to the
10 Insurance Commissioner that the applicant is competent, trustworthy,
11 financially responsible, and of good personal and business
12 reputation.

13 ~~F.~~ E. The Insurance Commissioner may require any documents
14 reasonably necessary to verify the information contained in an
15 application.

16 SECTION 12. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 1435.7A of Title 36, unless
18 there is created a duplication in numbering, reads as follows:

19 A. A person applying for a resident provisional insurance
20 producer license shall make application to the Insurance
21 Commissioner on the Uniform Application or an application approved
22 by the Commissioner and declare under penalty of refusal, suspension
23 or revocation of the license that the statements made in the
24 application are true, correct and complete to the best of the

1 individual's knowledge and belief. Before approving the
2 application, the Insurance Commissioner shall find that the
3 individual:

4 1. Is at least eighteen (18) years of age;

5 2. Has not committed any act that is a ground for denial,
6 suspension or revocation set forth in Section 1435.13 of this title;

7 3. Has a sponsor who is a licensed resident producer in good
8 standing with the Insurance Commissioner;

9 4. Has paid the fees set forth in Section 1435.23 of this
10 title; and

11 5. Has included the name, license number, and signature of the
12 sponsoring producer.

13 B. Conditions of the provisional license include:

14 1. The provisional licensee shall write business only under the
15 supervision of the sponsor;

16 2. The sponsor shall sign all sales applications;

17 3. The provisional licensee shall not receive any commissions
18 and shall not sell, solicit, or negotiate insurance in this state
19 without supervision by the sponsoring producer; and

20 4. The provisional licensee shall take eight (8) hours of
21 approved pre-license education courses to include, but not be
22 limited to:

23 a. insurance agency administration,

24 b. ethics, and

1 c. fiduciary responsibility.

2 C. The provisional license shall expire six (6) months from the
3 date of issuance.

4 D. A provisional licensee or sponsoring producer who violates
5 any provisions of this section shall be subject to an administrative
6 penalty in accordance with Section 1435.13 of this title.

7 SECTION 13. AMENDATORY 36 O.S. 2001, Section 1435.13, as
8 amended by Section 9, Chapter 274, O.S.L. 2004 (36 O.S. Supp. 2006,
9 Section 1435.13), is amended to read as follows:

10 Section 1435.13 A. The Insurance Commissioner may place on
11 probation, censure, suspend, revoke or refuse to issue or renew a
12 license issued pursuant to the Oklahoma Producer Licensing Act or
13 may levy a civil penalty in accordance with subsection D of this
14 section or any combination of actions, for any one or more of the
15 following causes:

16 1. Providing incorrect, misleading, incomplete or materially
17 untrue information in the license application;

18 2. Violating any insurance laws, or violating any regulation,
19 subpoena or order of the Insurance Commissioner or of another
20 state's Insurance Commissioner;

21 3. Obtaining or attempting to obtain a license through
22 misrepresentation or fraud;

1 4. Improperly withholding, misappropriating or converting any
2 monies or properties received in the course of doing insurance
3 business;

4 5. Intentionally misrepresenting the terms of an actual or
5 proposed insurance contract or application for insurance;

6 6. Having been convicted of a felony;

7 7. Having admitted or been found to have committed any
8 insurance unfair trade practice or fraud;

9 8. Using fraudulent, coercive, or dishonest practices, or
10 demonstrating incompetence, untrustworthiness or financial
11 irresponsibility in the conduct of business in this state or
12 elsewhere;

13 9. Having an insurance producer license, or its equivalent,
14 denied, suspended, censured, placed on probation or revoked in any
15 other state, province, district or territory;

16 10. Forging another's name to an application for insurance or
17 to any document related to an insurance transaction;

18 11. Improperly using notes or any other reference material to
19 complete an examination for an insurance license;

20 12. Knowingly accepting insurance business from an individual
21 who is not licensed;

22 13. Failing to comply with an administrative or court order
23 imposing a child support obligation; or
24

1 14. Failing to pay state income tax or comply with any
2 administrative or court order directing payment of state income tax.

3 B. In the event that the action by the Insurance Commissioner
4 is to nonrenew or to deny an application for a license, the
5 Insurance Commissioner shall notify the applicant or licensee and
6 advise the applicant or licensee, in writing, of the reason for the
7 denial or nonrenewal of the applicant's or licensee's license. The
8 applicant or licensee may make written demand upon the Insurance
9 Commissioner within thirty (30) days of the date of notification of
10 said notification by the Insurance Commissioner for a hearing before
11 the Insurance Commissioner or an independent hearing examiner to
12 determine the reasonableness of the Insurance Commissioner's action.
13 The hearing shall be heard within a reasonable time period and shall
14 be held pursuant to the Oklahoma Administrative Procedures Act.

15 C. The license of a business entity may be suspended, revoked
16 or refused if the Insurance Commissioner finds, after opportunity
17 for hearing, that an individual licensee's violation was known or
18 should have been known by one or more of the partners, officers or
19 managers acting on behalf of the partnership or corporation and the
20 violation was neither reported to the Insurance Commissioner nor
21 corrective action taken.

22 D. In addition to or in lieu of any applicable denial,
23 probation, censure, suspension or revocation of a license, a person
24 may, after opportunity for hearing, be subject to a civil fine of

1 not less than One Hundred Dollars (\$100.00) nor more than One
2 Thousand Dollars (\$1,000.00) for each occurrence. Said penalty may
3 be enforced in the same manner in which civil judgments may be
4 enforced.

5 E. Every licensee licensed pursuant to the provisions of the
6 Oklahoma Producer Licensing Act shall keep at the licensee's place
7 of business the usual and customary records pertaining to
8 transactions authorized by the license. All records as to any
9 particular transactions shall be kept available and open to the
10 inspection of the Commissioner at any time during business hours
11 during the three (3) years immediately following the date of
12 completion of the transaction. The Commissioner may require a
13 financial or market conduct examination during any investigation of
14 a licensee. The cost of such examination shall be apportioned among
15 all of the appointing insurers of the licensee.

16 F. The Insurance Commissioner shall retain the authority to
17 enforce the provisions of and impose any penalty or remedy
18 authorized by the Oklahoma Producer Licensing Act and Title 36 of
19 the Oklahoma Statutes against any person who is under investigation
20 for or charged with a violation of the Oklahoma Producer Licensing
21 Act or Title 36 of the Oklahoma Statutes even if the person's
22 license or registration has been surrendered or has lapsed by
23 operation of law.

1 G. Files pertaining to investigations or legal matters which
2 contain information concurring a current and ongoing investigation
3 of allegations of violations of the Oklahoma Insurance Code by a
4 licensed agent shall not be available for public inspection without
5 proper judicial authorization; however, a licensee under
6 investigation for alleged violations of the Oklahoma Insurance Code,
7 or against whom an action for alleged violations of the Oklahoma
8 Insurance Code has been commenced, may view evidence and complaints
9 pertaining to the investigation, other than privileged information,
10 at reasonable times at the Commissioner's office. All qualification
11 examination materials, booklets and answers for any license
12 authorized to be issued by the Commissioner under any statute shall
13 not be available for public inspection. The residence address,
14 residence telephone number, birth date, and social security number
15 of a licensee shall not be available for public inspection. A
16 separate business or mailing address provided by the licensee shall
17 be considered a public record. If the residence and business
18 addresses or residence and business telephone numbers are the same,
19 such addresses or telephone numbers shall be considered a public
20 record.

21 H. The Commissioner shall promptly notify all appointing
22 insurers, where applicable, and the licensee regarding any censure,
23 suspension, revocation or termination of license by the
24 Commissioner.

1 I. Upon suspension, revocation or termination of the license of
2 a resident or nonresident of this state, the Commissioner shall
3 notify the Central Office of the National Association of Insurance
4 Commissioners, or its appropriate nonprofit affiliates and the
5 Insurance Commissioner of each state for whom the Commissioner has
6 executed a certificate of licensure status.

7 J. Any licensee who ceases to maintain residency in this state
8 shall deliver the licensee's insurance license to the Commissioner
9 by personal delivery or by mail with return receipt requested within
10 ten (10) days after terminating residency.

11 K. The Commissioner may issue a duplicate license for any lost,
12 stolen or destroyed license issued pursuant to this act upon an
13 affidavit of the licensee prescribed by the Commissioner concerning
14 the facts of such loss, theft or destruction.

15 SECTION 14. AMENDATORY 36 O.S. 2001, Section 1435.15, as
16 amended by Section 17, Chapter 307, O.S.L. 2002 (36 O.S. Supp. 2006,
17 Section 1435.15), is amended to read as follows:

18 Section 1435.15 A. An insurance producer shall not act as an
19 agent of an insurer unless the insurance producer becomes an
20 appointed agent of that insurer. An insurance producer who is not
21 acting as an agent of an insurer is not required to become
22 appointed.

23 B. To appoint a producer as its agent, the appointing insurer,
24 or an authorized representative of the insurer, shall file, in a

1 format approved by the Insurance Commissioner, a notice of
2 appointment within ~~forty five (45)~~ fifteen (15) days from the date
3 the agency contract is executed or the first insurance application
4 is submitted. For purposes of this section, an "authorized
5 representative of the insurer" means a person or entity licensed by
6 the Insurance Commissioner pursuant to the laws of this state who is
7 authorized in writing by the appointing insurer to file appointments
8 for the appointing insurer. A copy of said written authorization
9 shall accompany each notice of appointment filed by an authorized
10 representative of the insurer. An insurer or authorized
11 representative of an insurer may also elect to appoint a producer to
12 all or some insurers within the insurer's holding company system or
13 group by the filing of a single appointment request.

14 C. Upon receipt of the notice of appointment, the Insurance
15 Commissioner shall verify within a reasonable time not to exceed
16 thirty (30) days that the insurance producer is eligible for
17 appointment. If the insurance producer is determined to be
18 ineligible for appointment, the Insurance Commissioner shall notify
19 the insurer and the authorized representative of the insurer within
20 five (5) days of its determination.

21 D. An insurer or authorized representative of an insurer shall
22 pay a biennial appointment fee, in the amount and method of payment
23 set forth in Section 1435.23 of this title, for each insurance
24

1 producer appointed by the insurer for each insurer for which the
2 insurance producer is appointed.

3 E. It shall be unlawful for any insurer to discriminate among
4 or between the insurance producers it has appointed. Any person or
5 company convicted of violating the provisions of this section shall
6 be guilty of a misdemeanor and shall be punished by the imposition
7 of a fine of not more than Five Hundred Dollars (\$500.00) or
8 imprisonment in the county jail for not less than six (6) months nor
9 more than one (1) year, or be punished by both said fine and
10 imprisonment.

11 SECTION 15. AMENDATORY 36 O.S. 2001, Section 1435.23, as
12 last amended by Section 47, Chapter 264, O.S.L. 2006 (36 O.S. Supp.
13 2006, Section 1435.23), is amended to read as follows:

14 Section 1435.23 A. All applications shall be accompanied by
15 the applicable fees. An appointment may be deemed by the
16 Commissioner to have terminated upon failure by the insurer to pay
17 the prescribed renewal fee. The Commissioner may also by order
18 impose a civil penalty equal to double the amount of the unpaid
19 renewal fee.

20 The Insurance Commissioner shall collect in advance the
21 following fees and licenses:

- 22 1. For filing appointment of Insurance Commissioner
23 as agent for service of process\$ 20.00
24 2. Miscellaneous:

- 1 a. Certificate and Clearance of Commissioner
2 \$ 3.00
- 3 b. Insurance producer's study manual:
4 Life, Accident & Health.....not to exceed
5 \$ 40.00
6 Property and Casualty.....not to exceed
7 \$ 40.00
- 8 c. For filing organizational documents of
9 an entity applying for a license as an
10 insurance producer.....\$ 20.00
- 11 3. Examination for license:
12 For each examination covering laws and
13 one or more lines of insurance..... not to exceed
14 \$100.00
- 15 4. Licenses:
16 a. Insurance producer's biennial license,
17 regardless of number of companies
18 represented.....\$ 60.00
- 19 b. Insurance producer's biennial license
20 for sale or solicitation of separate
21 accounts or agreements, as provided for
22 in Section 6061 of this title.....\$ 60.00
- 23 c. Limited lines producer biennial license.....\$ 40.00
- 24 d. Temporary license as agent.....\$ 20.00

- e. Managing general agent's biennial
license.....\$ 60.00
- f. Surplus lines broker's biennial license.....\$100.00
- g. Insurance vending machine, each machine,
biennial fee.....\$100.00
- h. Insurance consultant's biennial license,
resident or nonresident.....\$100.00
- i. Customer service representative biennial
license.....\$ 40.00
- j. Insurance producer's provisional license.....\$ 40.00

5. Biennial fee for each appointed insurance producer,
managing general agent, or limited lines producer by
insurer, each license of each insurance producer or
representative. \$ 40.00

6. Renewal fee for all licenses shall be the same as the
current initial license fee.

7. The fee for a duplicate license shall be one-half (1/2) the
fee of an original license.

8. The renewal of a license shall require a fee of double the
current original license fee if the application for renewal is late,
or incomplete on the renewal deadline.

B. 1. The fees and monies received by the Insurance
Commissioner pursuant to the provisions of paragraphs 1, 2, 7 and 8
of subsection A of this section shall be deposited with the State

1 Treasurer, who shall place the same to the credit of the State
2 Insurance Commissioner Revolving Fund for the purpose of fulfilling
3 and accomplishing the conditions and purposes of the Oklahoma
4 Producer Licensing Act, including the use of postal mail facilities
5 for the Department.

6 2. The fees and monies received by the Insurance Commissioner
7 pursuant to the provisions of paragraphs 3 through 6 of subsection A
8 of this section shall be paid into the State Treasury to the credit
9 of the General Revenue Fund of the state.

10 C. There is hereby created in the State Treasury the State
11 Insurance Commissioner Revolving Fund which shall be a continuing
12 fund not subject to fiscal year limitations. The revolving fund
13 shall consist of fees and monies received by the Insurance
14 Commissioner as required by law to be deposited in said fund and any
15 other funds not dedicated in the Oklahoma Insurance Code. The
16 revolving fund shall be used to fund the general operations of the
17 Insurance Commissioner's Office for the purpose of fulfilling and
18 accomplishing the conditions and purposes of the Oklahoma Producer
19 Licensing Act. All expenditures from said revolving fund shall be
20 on claims approved by the Insurance Commissioner and filed with the
21 Director of State Finance for payment.

22 D. All fees, fines, monies, and license fees authorized by the
23 provisions of this section and not dedicated by the provisions of
24 subsection B of this section to the State Insurance Commissioner

1 Revolving Fund shall be paid into the State Treasury to the credit
2 of the General Revenue Fund of this state.

3 E. If for any reason an insurance producer license or
4 appointment is not issued or renewed by the Commissioner, all fees
5 accompanying the appointment or application for the license shall be
6 deemed earned and shall not be refundable except as provided in
7 Section 352 of this title.

8 F. The Insurance Commissioner, by order, may waive licensing
9 fees in extraordinary circumstances for a class of producers where
10 the Commissioner deems that the public interest will be best served.

11 SECTION 16. AMENDATORY 36 O.S. 2001, Section 1435.29, as
12 last amended by Section 5, Chapter 150, O.S.L. 2003 (36 O.S. Supp.
13 2006, Section 1435.29), is amended to read as follows:

14 Section 1435.29 A. 1. Each insurance producer shall,
15 biennially, complete not less than fourteen (14) clock hours of
16 continuing insurance education which shall cover subjects in the
17 lines for which the insurance producer is licensed. Such education
18 may include a written or oral examination.

19 2. Each customer service representative shall, biennially,
20 complete not less than ten (10) clock hours of continuing insurance
21 education which shall cover subjects in the lines for which the
22 licensee is authorized to conduct insurance-related business on
23 behalf of the appointing agent, broker, or agency.

24

1 3. Licensees shall complete, in addition to the foregoing, two
2 (2) clock hours of ethics course work in this same period.

3 B. 1. The Insurance Commissioner shall approve courses and
4 providers of continuing education. The Insurance Department may use
5 one or more of the following to review and provide a nonbinding
6 recommendation to the Insurance Commissioner on approval or
7 disapproval of courses and providers of continuing education:

8 a. employees of the Insurance Commissioner,

9 b. a continuing education advisory committee, or

10 c. an independent service whose normal business
11 activities include the review and approval of
12 continuing education courses and providers. The
13 Commissioner may negotiate agreements with such
14 independent service to review documents and other
15 materials submitted for approval of courses and
16 providers and provide the Commissioner with its
17 nonbinding recommendation. The Commissioner may
18 require such independent service to collect the fee
19 charged by the independent service for reviewing
20 materials provided for review directly from the course
21 providers.

22 The Insurance Commissioner has sole authority to approve courses
23 and providers of continuing education. If the Insurance
24 Commissioner uses one of the entities listed above to provide a

1 nonbinding recommendation, the Commissioner shall adopt or decline
2 to adopt the recommendation within thirty (30) days of receipt of
3 the recommendation. In the event the Insurance Commissioner takes
4 no action within said thirty-day period, the recommendation made to
5 the Commissioner will be deemed to have been adopted by the
6 Commissioner.

7 2. Each insurance company shall be allowed to provide
8 continuing education to insurance producers and customer service
9 representatives as required by this section; provided that such
10 continuing education meets the general standards for education
11 otherwise established by the Insurance Commissioner.

12 3. An insurance producer who, during the time period prior to
13 renewal, ~~successfully completes any one of the following courses or~~
14 ~~programs of instruction and equivalent classroom hours approved by~~
15 ~~the Insurance Commissioner~~ participates in an approved professional
16 designation program shall be deemed to have met the biennial
17 requirement for continuing education+

18 a. ~~any part of a life course curriculum totaling fifty~~
19 ~~(50) classroom hours, or a health course totaling~~
20 ~~twenty six (26) classroom hours offered by the Life~~
21 ~~Underwriter Training Council,~~

22 b. ~~any part of the American College diploma curriculum~~
23 ~~for Chartered Life Underwriters (CLU), Registered~~
24 ~~Health Underwriters (RHU), Chartered Financial~~

~~Consultants (ChFC), or Registered Employee Benefits
Consultants (REBC), totaling thirty (30) classroom
hours,~~

~~e. any part of the Accredited Advisor in Insurance (AAI)
program totaling twenty-five (25) classroom hours
offered by the Insurance Institute of America,~~

~~d. any part of the Chartered Property and Casualty
Underwriter (CPCU) professional designation program
totaling thirty (30) classroom hours offered by the
American Institute of Property and Liability
Underwriters, or~~

~~e. any part of the Certified Insurance Counselor Program
totaling twenty (20) classroom hours.~~

Course curriculum for the program shall total a minimum of
twenty (20) hours. Each approved professional designation program
included in this section shall be reviewed for quality and
compliance every three (3) years in accordance with standardized
criteria promulgated by rule. Continuation of approved status is
contingent upon the findings of the review. The list of
professional designation programs approved under this paragraph
shall be made available to producers and providers annually.

4. The Insurance Department may promulgate rules providing that
courses or programs offered by specified professional associations
shall qualify for presumptive continuing education credit approval.

1 The rules shall include standardized criteria for reviewing the
2 professional associations' mission, membership, and other relevant
3 information, and shall provide a procedure for the Department to
4 disallow all or part of a presumptively approved course.

5 Professional association courses approved in accordance with this
6 paragraph shall be reviewed every three (3) years to determine
7 whether they continue to qualify for continuing education credit.

8 5. Subject to approval by the Commissioner, the active
9 membership of the licensed ~~agent~~ producer or broker in local,
10 regional, state, or national professional insurance organizations or
11 associations may be approved for up to one (1) annual hour of
12 instruction. The hour shall be credited upon timely filing with the
13 Commissioner, or designee of the Commissioner, and appropriate
14 written evidence acceptable to the Commissioner of such active
15 membership in the organization or association.

16 6. The active service of a licensed producer as a member of a
17 continuing education advisory committee, as described in paragraph 1
18 of this subsection, shall be deemed to qualify for continuing
19 education credit on an hour-for-hour basis.

20 C. Each provider of continuing education shall, after approval
21 by the Commissioner, submit an annual fee ~~of Two Hundred Dollars~~
22 ~~(\$200.00).~~ A fee shall be assessed for each course submission at
23 the time it is first submitted for review and upon submission for
24 renewal at expiration. Annual fees and course submission fees shall

1 be set forth as a rule by the Commissioner. The fees are payable to
2 the Insurance Commissioner which shall be deposited in the State
3 Insurance Commissioner Revolving Fund, created in subsection C of
4 Section 1435.23 of this title, for the purposes of fulfilling and
5 accomplishing the conditions and purposes of the Oklahoma Producer
6 Licensing Act and the Insurance Adjusters Licensing Act. Provided,
7 public-funded educational institutions, federal agencies, and
8 Oklahoma state agencies shall be exempt from this subsection.

9 D. Failure of an insurance producer or customer service
10 representative to comply with the requirements of this act may,
11 after notice and opportunity for hearing, result in censure,
12 suspension, nonrenewal of license or a civil penalty of up to Five
13 Hundred Dollars (\$500.00) or by both such penalty and civil penalty.
14 Said civil penalty may be enforced in the same manner in which civil
15 judgments may be enforced. Any civil penalties collected under this
16 act shall be deposited in the State Insurance Commissioner Revolving
17 Fund.

18 E. Limited lines producers and nonresident agents who have
19 successfully completed an equivalent or greater requirement shall be
20 exempt from the provisions of this section.

21 F. Insurance producers and limited lines producers who are
22 sixty-five (65) years of age or older and who have at least thirty
23 (30) years of experience as insurance producers or limited lines
24

1 producers, and who do not write new business, shall be exempt from
2 the provisions of this section.

3 G. Members of the Legislature shall be exempt from this
4 section.

5 H. The Commissioner shall adopt and promulgate such rules as
6 are necessary for effective administration of this section.

7 SECTION 17. AMENDATORY 36 O.S. 2001, Section 1452, as
8 amended by Section 22, Chapter 307, O.S.L. 2002 (36 O.S. Supp. 2006,
9 Section 1452), is amended to read as follows:

10 Section 1452. On or before June 1 of each year, all licensed
11 administrators shall file an annual report for the previous calendar
12 year prepared by a certified public accountant, independent of the
13 administrator, and which shall be subscribed and sworn to by the
14 president and attested to by the secretary or other proper officers
15 substantiating that the information contained in the report is true
16 and factual concerning each of the plans they administer which are
17 governed pursuant to the provisions of the Third-party Administrator
18 Act. The report shall include the name and address of each fund and
19 a statement of fund equity, paid claims by the covered unit, the
20 accumulated year-to-date paid claims, and the year-to-date reserve
21 status. Failure of any third-party administrator to execute and
22 file such annual reports as required by this section shall
23 constitute cause, after notice and opportunity for hearing, for
24 censure, suspension, or revocation of administrator licensure to

1 transact business in this state, or a civil penalty of not less than
2 One Hundred Dollars (\$100.00) or more than One Thousand Dollars
3 (\$1,000.00) for each occurrence, or both censure, suspension, or
4 revocation and civil penalty.

5 SECTION 18. AMENDATORY 36 O.S. 2001, Section 1616, as
6 last amended by Section 2, Chapter 425, O.S.L. 2005 (36 O.S. Supp.
7 2006, Section 1616), is amended to read as follows:

8 Section 1616. A. ~~Any domestic insurer, in addition to other~~
9 ~~investments permitted by this article, may invest in common stock,~~
10 ~~preferred stock, debt obligations, and other securities of one or~~
11 ~~more subsidiaries, excluding investments in insurance subsidiaries,~~
12 ~~in amounts which do not exceed the lesser of ten percent (10%) of~~
13 ~~the assets of the insurer or fifty percent (50%) of the surplus of~~
14 ~~the insurer in regard to policyholders except instances where a~~
15 ~~greater investment has been approved by the Commissioner.~~

16 B. Except with the consent of the Insurance Commissioner, no
17 domestic life insurer shall, in addition to other investments
18 permitted by this article, invest an amount equal in the aggregate
19 to more than ten percent (10%) of its assets, or in the case of a
20 domestic nonlife insurer, an amount equal in the aggregate to more
21 than twenty percent (20%) of its assets in the shares of solvent
22 corporations created or existing under the laws of the United States
23 or of any state, ~~including the shares of a substantially owned or~~
24 ~~wholly owned subsidiary corporation.~~ Investing in the shares of

1 mutual funds that invest only in bonds or preferred stocks shall be
2 considered as investing in bonds or preferred stocks, and investing
3 in mutual funds that invest in common stocks shall be considered as
4 investing in common stocks. However, investments in the shares of
5 subsidiaries or companion insurance companies shall be governed by
6 ~~paragraph A~~ Section 1652 of this section title and this subsection
7 shall not apply to investments by domestic insurers in the shares of
8 insurance subsidiaries.

9 ~~C. B.~~ For the purpose of determining the investment limitation
10 imposed by this article, the insurer shall value securities
11 purchased pursuant to the provisions of this article at the cost of
12 the security or at the market value of the security, whichever is
13 lower.

14 SECTION 19. AMENDATORY 36 O.S. 2001, Section 1652, is
15 amended to read as follows:

16 Section 1652. A. Any domestic insurer, either by itself or in
17 cooperation with one or more persons, may organize or acquire one or
18 more subsidiaries to the extent permitted by Article 16 of the
19 Insurance Code. Such subsidiaries may conduct any type of business
20 or businesses and their authority to do so will not be limited by
21 the fact that they are subsidiaries of a domestic insurer.

22 B. Any domestic insurer, in addition to other investments
23 permitted by this article, may invest in common stock, preferred
24 stock, debt obligations, and other securities of one or more

1 subsidiaries in amounts which do not exceed the lesser of ten
2 percent (10%) of the assets of the insurer or fifty percent (50%) of
3 the surplus of the insurer in regard to policyholders except
4 instances where a greater investment has been approved by the
5 Commissioner. However, investments by domestic insurers in
6 insurance subsidiaries shall not be limited by this subsection.

7 SECTION 20. AMENDATORY 36 O.S. 2001, Section 3639, as
8 last amended by Section 60, Chapter 264, O.S.L. 2006 (36 O.S. Supp.
9 2006, Section 3639), is amended to read as follows:

10 Section 3639. A. The provisions of this section apply to
11 commercial marine policies, commercial automobile policies,
12 commercial property insurance policies, commercial casualty
13 insurance policies, and commercial fire insurance policies.

14 B. As used in this section:

15 1. "Renewal" or "to renew" means the issuance or offer of
16 issuance by an insurer of a policy succeeding a policy previously
17 issued and delivered by the same insurer or an insurer within the
18 same group of insurers, or the issuance of a certificate or notice
19 extending the term of an existing policy for a specified period
20 beyond its expiration date;

21 2. "Nonpayment of premium" means the failure or inability of
22 the named insured to discharge any obligation in connection with the
23 payment of premiums on a policy of insurance subject to this
24 section, whether such payments are payable directly to the insurer

1 or its agent or indirectly payable under a premium finance plan or
2 extension of credit;

3 3. "Cancellation" means termination of a policy at a date other
4 than its expiration date;

5 4. "Expiration date" means the date upon which coverage under a
6 policy ends. It also means, for a policy written for a term longer
7 than one (1) year or with no fixed expiration date, each annual
8 anniversary date of such policy; and

9 5. "Nonrenewal" or "refusal to renew" means termination of a
10 policy at its expiration date.

11 C. After coverage has been in effect for more than forty-five
12 (45) business days or after the effective date of the renewal of a
13 commercial marine, commercial automobile, commercial property,
14 commercial casualty or commercial fire insurance policy, a notice of
15 cancellation shall not be issued by any licensed insurer or surplus
16 or excess lines insurer unless it is based on at least one of the
17 following reasons with at least ten (10) days notice to the insured:

18 1. Nonpayment of premium;

19 2. Discovery of fraud or material misrepresentation in the
20 procurement of the insurance or with respect to any claims submitted
21 thereunder;

22 3. Discovery of willful or reckless acts or omissions on the
23 part of the named insured which increase any hazard insured against;

24

1 4. The occurrence of a change in the risk which substantially
2 increases any hazard insured against after insurance coverage has
3 been issued or renewed;

4 5. A violation of any local fire, health, safety, building, or
5 construction regulation or ordinance with respect to any insured
6 property or the occupancy thereof which substantially increases any
7 hazard insured against;

8 6. A determination by the Commissioner that the continuation of
9 the policy would place the insurer in violation of the insurance
10 laws of this state;

11 7. Conviction of the named insured of a crime having as one of
12 its necessary elements an act increasing any hazard insured against;
13 or

14 8. Loss of or substantial changes in applicable reinsurance.

15 D. An insurer may refuse to renew a policy if the insurer gives
16 to the first-named insured at the address shown on the policy
17 written notice that the insurer will not renew the policy. Such
18 notice shall be given at least forty-five (45) days before the
19 expiration date. If notice is given by mail, said notice shall be
20 deemed to have been given on the day said notice is mailed. If the
21 notice is mailed less than forty-five (45) days before expiration,
22 coverage shall remain in effect until forty-five (45) days after
23 notice is mailed. Earned premium for any period of coverage that
24 extends beyond the expiration date shall be considered pro rata

1 based upon the previous year's rate. For purposes of this section,
2 the transfer of a policyholder between companies within the same
3 insurance group is not a refusal to renew. In addition, changing
4 deductibles, changes in premium, changes in the amount of insurance,
5 or reductions in policy limits or coverage are not refusals to
6 renew.

7 Notice of nonrenewal shall not be required if the insurer or a
8 company within the same insurance group has offered to issue a
9 renewal policy or, if the named insured has obtained replacement
10 coverage or has agreed in writing to obtain replacement coverage.

11 If an insurer provides the notice required by this subsection
12 and thereafter the insurer extends the policy for ninety (90) days
13 or less, an additional notice of nonrenewal is not required with
14 respect to the extension.

15 E. An insurer shall give to the named insured at the mailing
16 address shown on the policy, written notice of premium increase,
17 change in deductible, reduction in limits or coverage at least
18 forty-five (45) days prior to the expiration date of the policy. If
19 the insurer fails to provide such notice, the premium, deductible,
20 limits and coverage provided to the named insured prior to the
21 change shall remain in effect until notice is given or until the
22 effective date of replacement coverage obtained by the named
23 insured, whichever first occurs. If notice is given by mail, said
24 notice shall be deemed to have been given on the day said notice is

1 mailed. If the insured elects not to renew, any earned premium for
2 the period of extension of the terminated policy shall be calculated
3 pro rata at the lower of the current or previous year's rate. If
4 the insured accepts the renewal, the premium increase, if any, and
5 other changes shall be effective the day following the prior
6 policy's expiration or anniversary date.

7 This subsection shall not apply to:

8 1. Changes in a rate or plan filed with or approved by the
9 Insurance Commissioner or filed pursuant to the Property and
10 Casualty Competitive Loss Cost Rating Act and applicable to an
11 entire class of business; or

12 2. Changes based upon the altered nature of extent of the risk
13 insured; or

14 3. Changes in policy forms filed with or approved by the
15 Insurance Commissioner and applicable to an entire class of
16 business.

17 F. Proof of mailing of notice of cancellation, or of nonrenewal
18 or of premium or coverage changes, to the named insured at the
19 address shown in the policy, shall be sufficient proof of notice.

20 SECTION 21. AMENDATORY 36 O.S. 2001, Section 4101, as
21 amended by Section 15, Chapter 129, O.S.L. 2005 (36 O.S. Supp. 2006,
22 Section 4101), is amended to read as follows:
23
24

1 Section 4101. No policy of group life insurance shall be
2 delivered in this state unless it conforms to one of the following
3 descriptions:

4 1. A policy issued to an employer, or to the trustees of a fund
5 established by an employer, which employer or trustees shall be
6 deemed the policyholder, to insure employees of the employer for the
7 benefit of persons other than the employer, subject to the following
8 requirements:

9 a. The employees eligible for insurance under the policy
10 shall be all of the employees of the employer, or all
11 of any class or classes thereof determined by
12 conditions pertaining to their employment. The policy
13 may provide that the term "employees" shall include
14 the employees of one or more subsidiary corporations,
15 and the employees, individual proprietors and partners
16 of one or more affiliated corporations, proprietors or
17 partnerships if the business of the employer and of
18 such affiliated corporations, proprietors or
19 partnerships is under common control through stock
20 ownership or contract, or otherwise. The policy may
21 provide that the term "employees" shall include the
22 individual proprietor or partners if the employer is
23 an individual proprietor or a partnership. The policy
24 may provide that the term "employees" shall include

1 retired employees. No director of a corporate
2 employer shall be eligible for insurance under the
3 policy unless such a person is otherwise eligible as a
4 bona fide employee of the corporation by performing
5 services other than the usual duties of a director.
6 No individual proprietor or partner shall be eligible
7 for insurance under the policy unless he is actively
8 engaged in and devotes a substantial part of his time
9 to the conduct of the business of the proprietor or
10 partnership. The policy may provide that the term
11 "employees" shall include the trustees or their
12 employees, or both, if their duties are principally
13 connected with such trusteeship. A policy issued to
14 insure the employees of a public body may provide that
15 the term "employee" shall include elected or appointed
16 officials.

- 17 b. The premium for the policy shall be paid by the
18 policyholder, either wholly from the employer's funds
19 or funds contributed by him, or partly from such funds
20 and partly from funds contributed by the insured
21 employees, or from funds contributed wholly by the
22 insured employees. ~~A policy on which part or all of~~
23 ~~the premium is to be derived from funds contributed by~~
24 ~~the insured employees may be placed in force only if~~

1 ~~at least seventy five percent (75%) of the then~~
2 ~~eligible employees, excluding any as to whom evidence~~
3 ~~of individual insurability is not satisfactory to the~~
4 ~~insurer, elect to make the required contributions. A~~
5 policy on which no part of the premium is to be
6 derived from funds contributed by the insured
7 employees must insure all eligible employees, or all
8 except any as to whom evidence of insurability is not
9 satisfactory to the insurer.

10 c. The amounts of insurance under the policy must be
11 based upon some plan precluding individual selection
12 either by the employees or by the employer or trustee;

13 2. A policy issued to a creditor, who shall be deemed to be the
14 policyholder, to insure debtors of the creditor. Credit unions and
15 associations formed for the purpose of making loans to their members
16 shall be deemed to be creditors within the meaning of this section.
17 Policies issued to a creditor to insure debtors of the creditor are
18 subject to the following requirements:

19 a. The debtors eligible for insurance under the policy
20 shall be all of the debtors of the creditor or all of
21 any class or classes thereof determined by conditions
22 pertaining to the indebtedness or to the purchase
23 giving rise to the indebtedness. The policy may
24 provide that the term "debtors" shall include the

1 debtors of one or more subsidiary corporations, and
2 the debtors of one or more affiliated corporations,
3 proprietors or partnerships if the business of the
4 policyholder and of such affiliated corporations,
5 proprietors or partnerships is under common control
6 through stock ownership, contract or otherwise.

7 b. The premium for the policy shall be paid by the
8 policyholder, either from the creditor's funds, or
9 from charges collected from the insured debtors, or
10 from both. A policy on which part or all of the
11 premium is to be derived from the collection from the
12 insured debtors of identifiable charges not required
13 of uninsured debtors shall not include, in the class
14 or classes of debtors eligible for insurance, debtors
15 under obligation outstanding at its date of issue
16 without evidence of individual insurability unless at
17 least seventy-five percent (75%) of the then eligible
18 debtors elect to pay the required charges. A policy
19 on which no part of the premium is to be derived from
20 the collection of such identifiable charges must
21 insure all eligible debtors, or all except any as to
22 whom evidence of individual insurability is not
23 satisfactory to the insurer.

1 c. The policy may be issued only if the group of eligible
2 debtors is then receiving new entrants at the rate of
3 at least one hundred persons yearly, or may reasonably
4 be expected to receive at least one hundred new
5 entrants during the first policy year, and only if the
6 policy reserves to the insurer the right to require
7 evidence of individual insurability if less than
8 seventy-five percent (75%) of the new entrants become
9 insured.

10 d. The amount of insurance on the life of any debtor
11 shall at no time exceed the amount owed by him which
12 is repayable to the creditor, or One Hundred Thousand
13 Dollars (\$100,000.00), whichever is less, provided
14 further, no company licensed to do business in this
15 state shall issue in excess of One Hundred Thousand
16 Dollars (\$100,000.00) group credit life insurance on
17 one individual in the State of Oklahoma.

18 e. The insurance shall be payable to the policyholder.
19 Such payment shall reduce or extinguish the unpaid
20 indebtedness of the debtor to the extent of such
21 payment;

22 3. A policy issued to a labor union, which shall be deemed the
23 policyholder, to insure members of such union for the benefit of
24

1 persons other than the union or any of its officials,
2 representatives or agents, subject to the following requirements:

3 a. The members eligible for insurance under the policy
4 shall be all of the members of the union, or all of
5 any class or classes thereof determined by conditions
6 pertaining to their employment, or to membership in
7 the union, or both.

8 b. The premium for the policy shall be paid by the
9 policyholder, either wholly from the union's funds, or
10 partly from such funds and partly from funds
11 contributed by the insured members specifically for
12 their insurance, or from funds contributed wholly by
13 the insured members. ~~A policy on which part or all of~~
14 ~~the premium is to be derived from funds contributed by~~
15 ~~the insured members specifically for their insurance~~
16 ~~may be placed in force only if at least seventy five~~
17 ~~percent (75%) of the then eligible members, excluding~~
18 ~~any as to whom evidence of individual insurability is~~
19 ~~not satisfactory to the insurer, elect to make the~~
20 ~~required contributions.~~ A policy on which no part of
21 the premium is to be derived from funds contributed by
22 the insured members specifically for their insurance
23 must insure all eligible members or all except any as

1 to whom evidence of individual insurability is not
2 satisfactory to the insurer.

3 c. ~~The policy must cover at least ten members at date of~~
4 ~~issue.~~

5 ~~d.~~ The amount of insurance under the policy must be based
6 upon some plan precluding individual selection either
7 by the members or by the union;

8 4. A policy issued to the trustees of a fund established in
9 this state by two or more employers in the same industry, provided a
10 majority of the employees to be insured of each employer are located
11 within this state, or to the trustees of a fund established by one
12 or more labor unions, or by one or more employers in the same
13 industry and one or more labor unions or by one or more employers
14 and one or more labor unions whose members are in the same or
15 related occupation or trades, or by an association of persons,
16 licensed by the State of Oklahoma to engage in a recognized
17 profession, which trustees shall be deemed the policyholder to
18 insure employees of the employers or members of the unions or
19 members of an association of persons, licensed by the State of
20 Oklahoma to engage in a recognized profession, for the benefit of
21 persons other than the employers or the unions, or the association
22 of persons, licensed by the State of Oklahoma to engage in a
23 recognized profession, subject to the following requirements:
24

a. The persons eligible for insurance shall be all of the employees of the employers or all of the members of the union, or all the members of an association of persons, licensed by the State of Oklahoma to engage in a recognized profession, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the unions, or to both, or pertaining to membership in the association of persons, licensed by the State of Oklahoma to engage in a recognized profession. The policy may provide that the term "employees" shall include the individual proprietor or partners if any employer is an individual proprietor or a partnership. The policy may provide that the term "employees" shall include retired employees. No director of a corporate employer shall be eligible for insurance under the policy unless such person is otherwise eligible as a bona fide employee of the corporation by performing services other than the usual duties of a director. No individual proprietor or a partner shall be eligible for insurance under the policy unless he is actively engaged in and devotes a substantial part of his time to the conduct of the business of the proprietor or partnership. The policy may provide

1 that the term "employees" shall include the trustees
2 or their employees, or both if their duties are
3 principally connected with such trusteeship, and that
4 the term "members of an association" shall include
5 employees of members.

- 6 b. The premium for the policy shall be paid by the
7 trustees wholly from funds contributed by the employer
8 or employers of the insured persons, or by the union
9 or unions, or by both, or by an association of
10 persons, licensed by the State of Oklahoma to engage
11 in a recognized profession, or from funds contributed
12 wholly or in part by the insured persons. ~~A policy on~~
13 ~~which part of the premium is to be derived from funds~~
14 ~~contributed by the insured persons specifically for~~
15 ~~their insurance may be placed in force only if at~~
16 ~~least seventy five percent (75%) of the then eligible~~
17 ~~persons, excluding any as to whom evidence of~~
18 ~~insurability is not satisfactory to the insurer, elect~~
19 ~~to make the required contributions. A policy issued~~
20 ~~to the trustees of a fund established by an~~
21 ~~association of persons, licensed by the State of~~
22 ~~Oklahoma to engage in a recognized profession, on~~
23 ~~which part or all the premium is to be derived from~~
24 ~~funds contributed by the insured persons specifically~~

1 ~~for their insurance, may be placed in force only if~~
2 ~~the total number of persons covered at the date of~~
3 ~~issue exceeds six hundred or seventy five percent~~
4 ~~(75%) of the eligible persons, whichever is less,~~
5 ~~excluding any as to whom evidence of insurability is~~
6 ~~not satisfactory to the insurer, elect to make the~~
7 ~~required contribution.~~ A policy on which no part of
8 the premium is to be derived from funds contributed by
9 the insured persons specifically for their insurance
10 must insure all eligible persons, or all except any as
11 to whom evidence of individual insurability is not
12 satisfactory to the insurer.

- 13 c. The policy must cover at date of issue at least one
14 hundred persons; and if the fund is established by the
15 members of an association of employers the policy may
16 be issued only if (a) either (i) the participating
17 employers constitute at date of issue at least sixty
18 percent (60%) of those employer members whose
19 employees are not already covered by group life
20 insurance or (ii) the total number of persons covered
21 at date of issue exceeds six hundred; and (b) the
22 policy shall not require that if a participating
23 employer discontinues membership in the association,
24

1 the insurance of his employees shall cease solely by
2 reason of such discontinuance.

3 d. The amounts of insurance under the policy must be
4 based upon some plan precluding individual selection
5 either by the insured persons or by the policyholder,
6 employers, or unions;

7 5. A policy issued to any nonprofit industrial association to
8 insure the executives of employer members of a nonprofit industrial
9 association, which is now and has been actively functioning for a
10 period of not less than ten (10) years, such policy to be issued to
11 such association which shall be deemed to be the employer for the
12 purposes of this article, or to the association and executives of
13 such employer members jointly and insuring only all of such
14 executives for amounts of insurance based upon some plan which will
15 preclude individual selection, for the benefit of persons other than
16 such association, and the premium on which shall be paid by the
17 employer members or the employer members and the executives of such
18 employer members jointly;

19 6. A policy issued to a credit union which shall be deemed the
20 policyholder, to insure eligible members for the benefit of someone
21 other than the credit union or its officials and subject to the
22 following requirements:
23
24

1 a. The members eligible for insurance under the policy
2 shall be all the members of the credit union or all of
3 any class or classes thereof.

4 b. The premiums for the policy shall be paid by the
5 policyholder, either wholly from the credit union's
6 funds, or partly from such funds and partly from funds
7 contributed by the insured members specifically for
8 their insurance. A policy on which no part of the
9 premium is to be derived from funds contributed by the
10 insured members specifically for their insurance must
11 insure all eligible members or all except any as to
12 whom evidence of individual insurability is not
13 satisfactory to the insurer.

14 c. The amount of insurance under the policy may be based
15 on the amount of the member's savings in the credit
16 union or upon some other plan precluding individual
17 selection either by the members or by the credit
18 union;

19 7. A policy issued to a charitable, benevolent, educational or
20 religious institution, or their agencies, to insure the members
21 thereof for the purpose set forth in subsection D of Section 3604 of
22 this title;

23 8. A policy issued to an alumni association of an institution
24 of higher education accredited by the Oklahoma State Regents for

1 Higher Education, to insure the members thereof for the purpose set
2 forth in subsection E of Section 3604 of this title;

3 9. A policy to an association, which has a constitution and
4 bylaws and which has been organized and is maintained in good faith
5 for purposes other than that of obtaining insurance, that insures at
6 least ten members, employees, or employees of members of the
7 association or its officers or trustees. The term "employees" as
8 used in this paragraph shall include retired employees.

9 "Association" means, with respect to life insurance coverage
10 offered, an association which:

- 11 a. has been actively in existence for at least five (5)
12 years,
- 13 b. has been formed and maintained in good faith for
14 purposes other than obtaining insurance,
- 15 c. does not condition membership in the association on
16 any health status-related factor relating to an
17 individual, including an employee of an employer or a
18 dependent of an employee or association member,
- 19 d. makes life insurance coverage offered through the
20 association available to all members regardless of any
21 health status-related factor relating to such member
22 or individuals eligible for coverage through a member,

23

24

1 e. does not make life insurance coverage offered through
2 the association available other than in connection
3 with a member of the association, and

4 f. meets such additional requirements as may be imposed
5 under state law;

6 10. A policy issued to cover any other group subject to the
7 following requirements:

8 a. no such group life insurance policy shall be delivered
9 in this state unless the Commissioner of Insurance
10 finds that:

11 (1) the issuance of such group policy is not contrary
12 to the best interest of the public,

13 (2) the issuance of the group policy would result in
14 economies of acquisition or administration, and

15 (3) the benefits are reasonable in relation to the
16 premiums charged, and

17 b. the premium for the policy shall be paid either from
18 the policyholder's funds or from funds contributed by
19 the covered person or from both; or

20 11. A policy issued to cover any other substantially similar
21 group which, in the discretion of the Insurance Commissioner, may be
22 subject to the issuance of a group life policy or contract.

23 SECTION 22. AMENDATORY 36 O.S. 2001, Section 4101.1, is
24 amended to read as follows:

1 Section 4101.1 A. Insurance under any group life insurance
2 policy issued pursuant to subsections A, C, and D, of Section 4101
3 of this title, may ~~if seventy-five percent (75%) of the then insured~~
4 ~~employees or members who then have eligible dependents elect, be~~
5 extended to insure the dependents, or any class or classes thereof,
6 of each insured employee or member who so elects in amounts in
7 accordance with a plan which precludes individual selection ~~and for~~
8 ~~each insured dependent shall not be in excess of fifty percent (50%)~~
9 ~~of the insurance on the life of such employee or member.~~ The term
10 "dependent" is the spouse of the insured employee or member and an
11 insured employee's or member's child under twenty-one (21) years of
12 age or his or her child twenty-one (21) years or older who is
13 attending an educational institution and relying upon the insured
14 employee or member for financial support.

15 B. Premiums for the insurance on such dependents shall be paid
16 by the policyholder either wholly from policyholder's funds, or from
17 funds contributed wholly by the employees or members, or partly from
18 funds contributed by the policyholder and partly by the employees or
19 members.

20 C. A dependent pursuant to this section shall have the same
21 conversion right as to the insurance on his or her life as is vested
22 in the employee or union member.

23 D. Notwithstanding the provisions of paragraph 7 of Section
24 4103 of this title, only one certificate need be issued for each

1 family unit if a statement concerning any dependent's coverage is
2 included in such certificate.

3 SECTION 23. AMENDATORY 36 O.S. 2001, Section 6130, is
4 amended to read as follows:

5 Section 6130. A. Any officer, director, agent, or employee of
6 any organization subject to the terms of Sections 6121 through 6136
7 of this title who makes or attempts to make any contract in
8 violation of the provisions of Sections 6121 through 6136 of this
9 title, or who refuses to allow an inspection of the records of said
10 organization, or who violates any other provision of Sections 6121
11 through 6136 of this title, upon conviction, shall be ~~punished by a~~
12 ~~fine of not less than One Hundred Dollars (\$100.00) and not more~~
13 ~~than Five Hundred Dollars (\$500.00) or by imprisonment in the county~~
14 ~~jail for not less than one (1) month and not more than six (6)~~
15 ~~months, or by both such fine and imprisonment~~ guilty of a felony and
16 shall be punished by imprisonment in the State Penitentiary for a
17 term of not more than ten (10) years, and a fine not exceeding Ten
18 Thousand Dollars (\$10,000.00), and ordered to pay restitution to the
19 victim. Each violation of any provision of Sections 6121 through
20 6136 of this title shall be deemed a separate offense and prosecuted
21 individually.

22 B. The violation of any provision of Sections 6121 through 6136
23 of this title shall constitute a cause for the Oklahoma State Board
24 of Embalmers and Funeral Directors to revoke, or to refuse to issue

1 or renew, any license issued pursuant to the provisions of Sections
2 396 through 396.26 of Title 59 of the Oklahoma Statutes. The
3 violation of any provision of Sections 6121 through 6136 of this
4 title shall constitute a cause for the Insurance Commissioner to
5 issue a notice and order to show cause why the licensee shall not be
6 censured, have his license suspended or revoked, be subject to a
7 fine of not less than One Hundred Dollars (\$100.00) and not more
8 than One Thousand Dollars (\$1,000.00), or be subject to both such
9 fine and punishment.

10 SECTION 24. AMENDATORY 36 O.S. 2001, Section 6202, is
11 amended to read as follows:

12 Section 6202. Terms used in the Insurance Adjusters Licensing
13 Act are defined as follows:

14 1. "Commissioner" means the Insurance Commissioner of the state
15 or his or her lawfully authorized representative;

16 2. "Adjuster" means either an insurance adjuster or a public
17 adjuster;

18 3. "Insurance adjuster" means any person, firm, association,
19 company, or legal entity that acts in this state for an insurer, and
20 that investigates claims, adjusts losses, negotiates claim
21 settlements, or performs incidental duties arising pursuant to the
22 provisions of insurance contracts on behalf of an insurer and
23 includes:
24

1 a. "independent adjusters", meaning any insurance
2 adjuster that suggests or presents to the insurance
3 industry and public that said adjuster acts as an
4 adjuster for a fee or other compensation, and

5 b. "company or staff adjusters", meaning adjusters who
6 engage in the investigation, adjustment, and
7 negotiation of claims as salaried employees of an
8 insurer;

9 4. "Public adjuster" means any person, firm, association,
10 company, or corporation that suggests or presents to members of the
11 public that said public adjuster represents the interests of an
12 insured or third party for a fee or compensation. Public adjusters
13 may investigate claims and negotiate losses to property only; ~~and~~

14 5. "Insurer" means any authorized insurance company,
15 corporation, reciprocal group, mutual group, underwriting
16 association or bureau, or any combination thereof, writing or
17 underwriting any insurance contracts; and

18 6. "Home state" means the District of Columbia and any state or
19 territory of the United States in which the adjuster's principal
20 place of residence or principal place of business is located. If
21 neither the state in which the adjuster maintains the principal
22 place of residence nor the state in which the adjuster maintains the
23 principal place of business has a licensing or examination
24 requirement, the adjuster may declare another state which has an

1 examination requirement and in which the adjuster is licensed to be
2 the "home state".

3 SECTION 25. AMENDATORY 36 O.S. 2001, Section 6205, is
4 amended to read as follows:

5 Section 6205. A. Application for a license as an adjuster
6 shall be made to the Insurance Commissioner upon forms prescribed
7 and furnished by the Commissioner. As a part of and in connection
8 with the application, the applicant shall furnish such information
9 concerning the applicant's identity, personal history, business
10 experience, business record and such other pertinent information
11 which the Commissioner shall reasonably require.

12 ~~B. Application for a license as a nonresident adjuster shall be~~
13 ~~made to the Commissioner upon forms prescribed and furnished by the~~
14 ~~Commissioner. This license shall be issued to an applicant only if~~
15 ~~the state in which the applicant resides will accord the same~~
16 ~~privilege to a resident adjuster of this state. The Commissioner is~~
17 ~~authorized to enter into reciprocal agreements with the appropriate~~
18 ~~official of any state requiring a nonresident applicant for license~~
19 ~~as an adjuster to take an examination. Any such reciprocal~~
20 ~~agreement shall provide that:~~

21 ~~1. An applicant for a license as an adjuster in such other~~
22 ~~state shall take an examination as prescribed by that state;~~
23
24

1 ~~2. The applicant for a license as a nonresident adjuster in~~
2 ~~this state holds a valid license as an adjuster in such other state~~
3 ~~as certified by the appropriate official of that state;~~

4 ~~3. A resident of this state is privileged to procure an~~
5 ~~adjuster's license in such other state upon the conditions provided~~
6 ~~in paragraphs 1 and 2 of this subsection without discrimination in~~
7 ~~favor of the residents of such other state as to fees or other~~
8 ~~licensing requirements; and~~

9 ~~4. The nonresident applicant shall pay the fee required for a~~
10 ~~license as a resident adjuster in this state.~~

11 Unless denied licensure pursuant to Section 6220 of this title, a
12 nonresident applicant shall receive a nonresident adjuster license
13 if:

14 1. The applicant has passed an examination in the applicant's
15 home state;

16 2. The applicant is currently licensed and in good standing in
17 the home state of the applicant;

18 3. The applicant has submitted the proper request for licensure
19 and has paid the fees required by Section 6212 of this title; and

20 4. The applicant's home state awards nonresident adjuster
21 licenses to residents of this state on the same basis.

22 C. If a nonresident applicant's home state does not license or
23 require an examination for an adjuster license, the applicant shall

1 pass an examination in this state prior to receiving a nonresident
2 adjuster license.

3 SECTION 26. AMENDATORY 36 O.S. 2001, Section 6206, is
4 amended to read as follows:

5 Section 6206. A. The Insurance Commissioner shall license as
6 an adjuster only an individual who has fully complied with the
7 provisions of the Insurance Adjusters Licensing Act, including the
8 furnishing of evidence satisfactory to the Commissioner that the
9 applicant:

10 1. Is at least eighteen (18) years of age;

11 2. Is a bona fide resident of this state or is a resident of a
12 state or country which permits adjusters who are residents of this
13 state to act as adjusters in such other state or country;

14 3. If a nonresident of the United States, has complied with all
15 federal laws pertaining to employment and the transaction of
16 business in the United States;

17 4. Is a trustworthy person;

18 5. Has had experience or special education or training of
19 sufficient duration and extent with reference to the handling of
20 loss claims pursuant to insurance contracts to make the applicant
21 competent to fulfill the responsibilities of an adjuster;

22 6. Has successfully passed an examination as required by the
23 Commissioner or has been exempted from examination, in accordance
24 with the provisions of Section 6208 of this title; and

1 7. If the application is for a public adjuster's license, the
2 applicant has filed the bond required by Section 6214 of this title.

3 B. Residence addresses and telephone listings, birth date, and
4 social security numbers for insurance adjusters and public adjusters
5 on file with the Insurance Department are exempt from disclosure as
6 public records. A separate business or mailing address as provided
7 by the adjuster shall be considered a public record and upon request
8 shall be disclosed. If an adjuster's residence and business address
9 or residence and business telephone number are the same, such
10 address or telephone number shall be considered a public record.

11 C. The mailing address shall appear on all licenses of the
12 licensee, and the licensee shall promptly notify the Insurance
13 Commissioner within thirty (30) days of any change in the mailing,
14 business or residence address of the licensee.

15 SECTION 27. AMENDATORY 36 O.S. 2001, Section 6208, is
16 amended to read as follows:

17 Section 6208. A. Each applicant for a license as an adjuster
18 shall, prior to issuance of said license, personally take and pass,
19 to the satisfaction of the Commissioner, an examination given by the
20 Commissioner as a test of the qualifications and competency of the
21 applicant.

22 B. The requirement of an examination shall not apply to the
23 following:
24

1 1. An applicant who is licensed as an adjuster in this state
2 during the ninety-day period preceding November 1, 1983; or

3 2. ~~An applicant who is licensed as an adjuster, as defined by~~
4 ~~the provisions of the Insurance Adjusters Licensing Act, in another~~
5 ~~state with which state a reciprocal agreement has been executed by~~
6 ~~the Commissioner~~ A nonresident applicant who has passed an
7 examination in the home state of the applicant and who is currently
8 licensed and in good standing in the applicant's home state; or

9 3. Any applicant for a license covering the same class or
10 classes of insurance for which the applicant was licensed in this
11 state pursuant to a similar license during the twenty-four-month
12 period immediately preceding the date of application, unless said
13 previous license was revoked or suspended, or continuation of the
14 license was refused by the Commissioner; or

15 4. An applicant for a resident license who has passed an
16 examination in the former home state and who is licensed and in good
17 standing in the former home state at the time the application is
18 submitted. The applicant shall make application to become a
19 resident adjuster within ninety (90) days after establishing legal
20 residence in Oklahoma.

21 SECTION 28. AMENDATORY 36 O.S. 2001, Section 6210, is
22 amended to read as follows:

1 Section 6210. A. The answers of the applicant to any
2 examination for licensing as an adjuster shall be written by the
3 applicant under supervision of the Insurance Commissioner.

4 B. The examination shall be given at such times and places
5 within this state as the Commissioner deems necessary to reasonably
6 serve the convenience of both the Commissioner and the applicants.

7 C. An applicant who has failed to pass the first examination
8 for the license for which applied may take a second examination
9 within thirty (30) days following the first examination. An
10 applicant who has failed to pass the first two examinations for the
11 license for which applied shall not be permitted to take a
12 subsequent examination until the expiration of ~~six (6) months~~ thirty
13 (30) days after the last previous examination. A current
14 application and applicable fees shall be submitted with each request
15 to take a subsequent examination.

16 SECTION 29. AMENDATORY 36 O.S. 2001, Section 6215, is
17 amended to read as follows:

18 Section 6215. Every licensed adjuster residing in this state
19 shall have and maintain in this state a place of business accessible
20 to the public. Said place of business shall be located where the
21 adjuster principally conducts transactions in accordance with his or
22 her license. ~~The mailing address shall appear on all licenses of~~
23 ~~the licensee, and the licensee shall promptly notify the Insurance~~
24

~~Commissioner within ten (10) days of any change in the mailing,
business or residence address of the licensee.~~

SECTION 30. AMENDATORY 36 O.S. 2001, Section 6217, is
amended to read as follows:

Section 6217. A. A license as an adjuster shall expire two (2)
years from the month of original issuance of the license or
subsequent renewal of the license.

B. Any licensee applying for renewal of a license as an
adjuster ~~from January 1, 2000, through January 1, 2001, shall have~~
~~completed not less than six (6) clock hours of continuing insurance~~
~~education within the previous eighteen (18) months prior to renewal~~
~~of the license. Beginning January 1, 2001, and each year~~
~~thereafter, any licensee applying for renewal of a license as an~~
~~adjuster~~ shall have completed not less than twelve (12) clock hours
of continuing insurance education within the previous twenty-four
(24) months prior to renewal of the license. Such continuing
education shall cover subjects in the classes of insurance for which
the adjuster is licensed. Such continuing education shall not
include a written or oral examination. The Insurance Commissioner
shall approve courses and providers of continuing education for
insurance adjusters as required by this section. ~~For company or~~
~~staff adjusters the Insurance Commissioner shall approve courses~~
~~provided by the insurer employing the company or staff adjusters,~~
~~including training related to the insurance contracts issued by the~~

~~company employing the company or staff adjusters. Provided, a licensee who, during the allotted time prior to renewal, successfully completes any one of the following courses or programs of instruction and equivalent classroom hours shall be deemed to have met the requirements for continuing education.~~

~~1. Any part of the Life Underwriter Training Council Life Course curriculum totaling fifty (50) classroom hours, which may include the health course totaling twenty six (26) classroom hours;~~

~~2. Any part of the American College CLU diploma curriculum totaling thirty (30) classroom hours;~~

~~3. Any part of the Insurance Institute of America's Accredited Advisor in Insurance (AAI) program totaling twenty five (25) classroom hours;~~

~~4. Any part of the American Institute of Property and Liability Underwriters' Chartered Property Casualty Underwriter (CPCU) professional designation program totaling thirty (30) classroom hours;~~

~~5. Any part of the Certified Insurance Counselor program totaling twenty five (25) classroom hours;~~

~~6. Any insurance related course, approved by the Advisory Board and the Insurance Commissioner, taught by an accredited college or university or a technology center school per credit hour granted totaling fifteen (15) classroom hours;~~

1 ~~7. Any course or program of instruction or seminar developed or~~
2 ~~sponsored by an authorized technology center school, an insurer,~~
3 ~~recognized agents' association, or insurance trade association, or~~
4 ~~any independent program of instruction, if approved by the Advisory~~
5 ~~Board and the Insurance Commissioner, for the equivalency of the~~
6 ~~number of classroom hours assigned thereto by the Board and the~~
7 ~~Commissioner; and~~

8 ~~8. Any correspondence course, approved by the Advisory Board~~
9 ~~and the Insurance Commissioner, for the equivalency of the number of~~
10 ~~classroom hours assigned thereto by the Commissioner.~~

11 The Insurance Department may use one or more of the following to
12 review and provide a nonbinding recommendation to the Insurance
13 Commissioner on approval or disapproval of courses and providers of
14 continuing education:

15 1. Employees of the Insurance Commissioner;

16 2. A continuing education advisory committee. The continuing
17 education advisory committee is separate and distinct from the
18 Advisory Board established by Section 6221 of this title;

19 3. An independent service whose normal business activities
20 include the review and approval of continuing education courses and
21 providers. The Commissioner may negotiate agreements with such
22 independent service to review documents and other materials
23 submitted for approval of courses and providers and present the
24 Commissioner with its nonbinding recommendation. The Commissioner

1 may require such independent service to collect the fee charged by
2 the independent service for reviewing materials provided for review
3 directly from the course providers.

4 C. An adjuster who, during the time period prior to renewal,
5 participates in an approved professional designation program shall
6 be deemed to have met the biennial requirement for continuing
7 education. Course curriculum for the program shall total a minimum
8 of twenty (20) hours. Each approved professional designation
9 program included in this section shall be reviewed for quality and
10 compliance every three (3) years in accordance with standardized
11 criteria promulgated by rule. Continuation of approved status is
12 contingent upon the findings of the review. The list of
13 professional designation programs approved under this subsection
14 shall be made available to producers and providers annually.

15 D. The Insurance Department may promulgate rules providing that
16 courses or programs offered by specified professional associations
17 shall qualify for presumptive continuing education credit approval.
18 The rules shall include standardized criteria for reviewing the
19 professional associations' mission, membership, and other relevant
20 information, and shall provide a procedure for the Department to
21 disallow all or part of a presumptively approved course.
22 Professional association courses approved in accordance with this
23 subsection shall be reviewed every three (3) years to determine
24 whether they continue to qualify for continuing education credit.

1 E. The active service of a licensed adjuster as a member of a
2 continuing education advisory committee, as described in paragraph 2
3 of subsection B of this section, shall be deemed to qualify for
4 continuing education credit on an hour-for-hour basis.

5 ~~E.~~ F. Subject to the right of the Commissioner to suspend,
6 revoke, or refuse to renew a license of an adjuster, any such
7 license may be renewed by filing on the form prescribed by the
8 Commissioner on or before the expiration date a written request by
9 or on behalf of the licensee for such renewal and proof of
10 completion of the continuing education requirement set forth in
11 subsection B of this section, accompanied by payment of the renewal
12 fee.

13 ~~D.~~ G. If the request, proof of compliance with the continuing
14 education requirement and fee for renewal of a license as an
15 adjuster are filed with the Commissioner prior to the expiration of
16 the existing license, the licensee may continue to act pursuant to
17 said license, unless revoked or suspended prior to the expiration
18 date, until the issuance of a renewal license or until the
19 expiration of ten (10) days after the Commissioner has refused to
20 renew the license and has mailed notice of said refusal to the
21 licensee. Any request for renewal filed after the date of
22 expiration may be considered by the Commissioner as an application
23 for a new license.

SECTION 31. AMENDATORY 36 O.S. 2001, Section 6521, is amended to read as follows:

Section 6521. A. A small employer carrier may apply to become a risk-assuming carrier by filing an application with the Insurance Commissioner in a form and manner prescribed by the Commissioner.

B. The Commissioner shall consider the following factors in evaluating an application filed under subsection A of this section:

1. The carrier's financial condition;

2. The carrier's history of rating and underwriting small employer groups;

3. The carrier's commitment to market fairly to all small employers in the state or its established geographic service area, as applicable; and

4. The carrier's experience with managing the risk of small employer groups.

C. The Commissioner shall provide public notice of an application by a small employer carrier to be a risk-assuming carrier ~~and shall provide at least a sixty day period for public comment prior to making a decision on the application.~~ If the application is not acted upon within ninety (90) days after the receipt of the application by the Commissioner, the carrier may request a hearing.

D. The Commissioner may rescind the approval granted to a risk-assuming carrier under this section if the Commissioner finds that:

1 1. The carrier's financial condition will no longer support the
2 assumption of risk from issuing coverage to small employers in
3 compliance with Section ~~5~~ 6519 of this ~~act~~ title without the
4 protection afforded by the program;

5 2. The carrier has failed to market fairly to all small
6 employers in this state or its established geographic service area,
7 as applicable; or

8 3. The carrier has failed to provide coverage to eligible small
9 employers as required in Section ~~5~~ 6519 of this ~~act~~ title.

10 E. A small employer carrier electing to be a risk-assuming
11 carrier shall not be subject to the provisions of Section ~~8~~ 6522 of
12 this ~~act~~ title.

13 SECTION 32. AMENDATORY 36 O.S. 2001, Section 6602, as
14 last amended by Section 1, Chapter 169, O.S.L. 2004 (36 O.S. Supp.
15 2006, Section 6602), is amended to read as follows:

16 Section 6602. As used in the Service Warranty Insurance Act:

17 1. "Commissioner" means the Insurance Commissioner;

18 2. "Consumer product" means tangible personal property
19 primarily used for personal, family, or household purposes;

20 3. "Department" means the Insurance Department;

21 4. "Gross income" means the total amount of revenue received in
22 connection with business-related activity;

1 5. "Gross written premiums" means the total amount of premiums,
2 inclusive of commissions, for which the association is obligated
3 under service warranties issued in this state;

4 6. "Impaired" means having liabilities in excess of assets;

5 7. "Indemnify" means to undertake repair or replacement of a
6 consumer product or a newly-constructed residential structure,
7 including any appliances, electrical, plumbing, heating, cooling or
8 air conditioning systems, in return for the payment of a segregated
9 premium, when the consumer product or residential structure becomes
10 defective or suffers operational failure;

11 8. "Insolvent" means any actual or threatened delinquency
12 including, but not limited to, any one or more of the following
13 circumstances:

14 a. an association's total liabilities exceed the total
15 assets of the association,

16 b. the business of any such association is being
17 conducted fraudulently, or

18 c. the association has knowingly overvalued its assets;

19 9. "Insurer" means any property or casualty insurer duly
20 authorized to transact such business in this state;

21 10. "Net assets" means the amount by which the total assets of
22 an association, excluding goodwill, franchises, customer lists,
23 patents or trademarks, and receivables from or advances to officers,
24 directors, employees, salesmen, and affiliated companies, exceed the

1 total liabilities of the association. For purposes of the Service
2 Warranty Insurance Act, the term "total liabilities" does not
3 include the capital stock, paid-in capital, or retained earning of
4 an association;

5 11. "Person" includes an individual, company, corporation,
6 association, insurer, agent and any other legal entity;

7 12. "Premium" means the total consideration received or to be
8 received, by whatever name called, by an insurer or service warranty
9 association for, or related to, the issuance and delivery of a
10 service warranty, including any charges designated as assessments or
11 fees for membership, policy, survey, inspection, or service or other
12 charges. However, a repair charge is not a premium unless it
13 exceeds the usual and customary repair fee charged by the
14 association, provided the repair is made before the issuance and
15 delivery of the warranty;

16 13. "Sales representative" means any person utilized by an
17 insurer or service warranty association for the purpose of selling
18 or issuing service warranties and includes any individual possessing
19 a certificate of competency who has the power to legally obligate
20 the insurer or service warranty association or who merely acts as
21 the qualifying agent to qualify the association in instances when a
22 state statute or local ordinance requires a certificate of
23 competency to engage in a particular business. However, in the case
24 of service warranty associations selling service warranties from

1 five or more business locations, the store manager or other person
2 in charge of each such location shall be considered the sales
3 representative;

4 14. "Service warranty" means any warranty, home warranty,
5 guaranty, extended warranty or extended guaranty, contract
6 agreement, or other written promise entered into between a consumer
7 and a service warranty association under the terms of which there is
8 an undertaking to indemnify against the cost of repair or
9 replacement of a consumer product or newly-constructed residential
10 structure, including any appliances, electrical, plumbing, heating,
11 cooling or air conditioning systems, in return for the payment of a
12 segregated charge by the consumer; however:

- 13 a. maintenance service contracts under the terms of which
14 there are no provisions for such indemnification are
15 expressly excluded from this definition,
- 16 b. those contracts issued solely by the manufacturer,
17 distributor, importer or seller of the product, or any
18 affiliate or subsidiary of the foregoing entities,
19 whereby such entity has contractual liability
20 insurance in place, from ~~a company~~ an insurer licensed
21 in the state, which covers one hundred percent (100%)
22 of the claims exposure on all contracts written
23 without being predicated on the failure to perform
24

1 under such contracts, are expressly excluded from this
2 definition,

3 c. the term "service warranty" does not include service
4 contracts entered into between consumers and nonprofit
5 organizations or cooperatives the members of which
6 consist of condominium associations and condominium
7 owners, which contracts require the performance of
8 repairs and maintenance of appliances or maintenance
9 of the residential property,

10 d. the term "service warranty" does not include
11 warranties, guarantees, extended warranties, extended
12 guarantees, contract agreements or any other service
13 contracts issued by a company which performs at least
14 seventy percent (70%) of the service work itself and
15 not through subcontractors, which has been selling and
16 honoring such contracts in Oklahoma for at least
17 twenty (20) years, and

18 e. the term "service warranty" does not include
19 warranties, guarantees, extended warranties, extended
20 guarantees, contract agreements or any other service
21 contracts issued by a company which has net assets in
22 excess of One Hundred Million Dollars
23 (\$100,000,000.00). The calculation of the net assets
24 shall include the assets of a parent company. When

1 the net assets of the parent company are used to
2 calculate the total net assets of the company, the net
3 assets of the company issuing the policy shall total
4 at least Twenty-five Million Dollars (\$25,000,000.00);

5 15. "Service warranty association" or "association" means any
6 person, other than an authorized insurer, issuing service
7 warranties; provided, this term shall not mean any person engaged in
8 the business of erecting or otherwise constructing a new home;

9 16. "Warrantor" means any service warranty association engaged
10 in the sale of service warranties and deriving not more than fifty
11 percent (50%) of its gross income from the sale of service
12 warranties; and

13 17. "Warranty seller" means any service warranty association
14 engaged in the sale of service warranties and deriving more than
15 fifty percent (50%) of its gross income from the sale of service
16 warranties.

17 SECTION 33. AMENDATORY 36 O.S. 2001, Section 6615, as
18 amended by Section 2, Chapter 169, O.S.L. 2004 (36 O.S. Supp. 2006,
19 Section 6615), is amended to read as follows:

20 Section 6615. A. In addition to the license fees provided in
21 the Service Warranty Insurance Act for service warranty associations
22 each such association and insurer shall, annually on or before the
23 last day of February, file with the Insurance Commissioner its
24 annual statement in the form prescribed by the Commissioner showing

1 all premiums or assessments received by it in connection with the
2 issuance of service warranties in this state during the preceding
3 calendar year and other relevant financial information as deemed
4 necessary by the Commissioner, using accounting principles which
5 will enable the Commissioner to ascertain whether the financial
6 requirements set forth in Section 6607 of this title have been
7 satisfied.

8 B. The Commissioner may levy a fine of up to One Hundred
9 Dollars (\$100.00) a day for each day an association neglects to file
10 the annual statement in the form and within the time provided by the
11 Service Warranty Insurance Act.

12 C. In addition to an annual statement, the Commissioner may
13 require of licensees, under oath and in the form prescribed by it,
14 quarterly statements or special reports which the Commissioner deems
15 necessary for the proper supervision of licensees under the Service
16 Warranty Insurance Act.

17 D. Premiums and assessments received by associations and
18 insurers for service warranties shall not be subject to the premium
19 tax provided for in Section 624 of this title, but shall be subject
20 to an administrative fee of Two Dollars (\$2.00) for each service
21 warranty issued that provides coverage not to exceed Seventy-five
22 Dollars (\$75.00), Five Dollars (\$5.00) for each service warranty
23 issued that provides coverage in excess of Seventy-five Dollars
24 (\$75.00) but not to exceed Two Hundred Fifty Dollars (\$250.00), and

1 Ten Dollars (\$10.00) for each service warranty that provides
2 coverage in excess of Two Hundred Fifty Dollars (\$250.00). However,
3 associations and insurers that have contractual liability insurance
4 in place, from a company licensed ~~or registered to issue automobile~~
5 ~~service warranties~~ in the state, which covers one hundred percent
6 (100%) of the claims exposure of the association or insurer on all
7 contracts written ~~without being predicated on the failure to perform~~
8 ~~under such contracts~~ shall be subject to an annual administrative
9 fee of Two Thousand Five Hundred Dollars (\$2,500.00). Said fees
10 shall be paid quarterly to the Insurance Commissioner. All such
11 fees, up to a maximum of Two Hundred Seventy-five Thousand Dollars
12 (\$275,000.00) per year, received by the Insurance Commissioner shall
13 be deposited into the State Treasury to the credit of the Insurance
14 Commissioner Revolving Fund for the payment of costs incurred by the
15 Insurance Department in the administration of the Service Warranty
16 Insurance Act. Amounts received in excess of the annual limitation
17 shall be deposited to the credit of the General Revenue Fund.

18 SECTION 34. AMENDATORY Section 22, Chapter 390, O.S.L.
19 2003, as amended by Section 18, Chapter 129, O.S.L. 2005 (36 O.S.
20 Supp. 2006, Section 6821), is amended to read as follows:

21 Section 6821.

22 MEDICAL PROFESSIONAL LIABILITY RATE SETTING

23 A. No rate shall be approved or remain in effect which is
24 excessive, inadequate, unfairly discriminatory or otherwise in

1 violation of this section. Notwithstanding any other provision of
2 law, in considering whether a rate is excessive, inadequate or
3 unfairly discriminatory, no consideration shall be given to the
4 degree of competition and the Insurance Commissioner shall consider
5 whether the rate mathematically reflects the insurance company's
6 investment income.

7 B. Notwithstanding any other provision of law, every medical
8 professional liability insurer which desires to change any rate
9 shall file a rate application with the Commissioner. A complete
10 rate application shall include the factors enumerated in Section
11 902.2 of this title and such other information as the Commissioner
12 may require. The applicant shall have the burden of proving that
13 the requested rate change is justified and meets the requirements of
14 this section.

15 C. The insurer shall notify the policyholders of any
16 application by an insurer for a ~~rate change~~ reduction in coverage or
17 premium increase. The insurer shall file an affidavit signed by the
18 individual responsible for the rate change application with the
19 Commissioner certifying that policyholders were notified pursuant to
20 this section. The application shall be deemed approved forty-five
21 (45) days after notice unless:

22 1. A policyholder or the policyholder's representative requests
23 a hearing within forty-five (45) days of the notice and the
24 Commissioner, within fifteen (15) days thereafter, grants the

1 hearing, or determines not to grant the hearing and issues written
2 findings in support of that decision; or

3 2. The Commissioner on his or her own motion determines to hold
4 a hearing.

5 In any event, a rate change application shall be deemed approved
6 ninety (90) days after the rate application is received by the
7 Commissioner unless that application has been disapproved by a final
8 order of the Commissioner subsequent to a hearing or extraordinary
9 circumstances exist. For purposes of this paragraph "received"
10 means the date delivered to the Insurance Department.

11 D. For purposes of subsection C of this section, "extraordinary
12 circumstances" include the following:

13 1. Rate change application hearings commenced during the
14 ninety-day period provided by subsection C of this section. If a
15 hearing is commenced during the ninety-day period, the rate change
16 application shall be deemed approved upon expiration of the ninety-
17 day period or thirty (30) days after the close of the record of the
18 hearing, whichever is later, unless disapproved prior to that date.

19 2. The hearing has been continued. The ninety-day period
20 provided by subsection C of this section shall be tolled during any
21 period of which a hearing is continued. A continuance shall be
22 decided on a case by case basis. If the hearing is commenced or
23 continued during the ninety-day period, the rate change application
24 shall be deemed approved upon the expiration of the ninety-day

1 period or thirty (30) days after the close of the record of the
2 hearing, whichever is later, unless disapproved prior to that date.

3 E. No medical professional liability insurer shall cancel or
4 refuse to renew coverage of a policyholder on the basis of a
5 policyholder's exercise of any right pursuant to this section.

6 F. Nothing in this section shall apply to policies insuring any
7 nursing home licensed pursuant to Section 1-1903 of Title 63 of the
8 Oklahoma Statutes.

9 SECTION 35. AMENDATORY 74 O.S. 2001, Section 500.2, as
10 last amended by Section 82, Chapter 16, O.S.L. 2006 (74 O.S. Supp.
11 2006, Section 500.2), is amended to read as follows:

12 Section 500.2 A. Officials and employees of the state,
13 traveling on authorized state business, may be reimbursed for
14 expenses incurred in such travel in accordance with the provisions
15 of the State Travel Reimbursement Act and existing statutes relating
16 to state travel. Persons who are not state employees, but who are
17 performing substantial and necessary services to the state which
18 have been directed or approved by the appropriate department
19 official shall enjoy the protection of the sovereign immunity of the
20 state to the same extent as a paid employee. Such persons may be
21 reimbursed for expenses incurred during authorized official travel
22 under these same statutory provisions, provided it is indicated on
23 the claim the person is not a state employee, a description of
24 services performed is entered, and the agency head by approval of

1 the claim certifies such services were substantial and necessary,
2 and germane to the duties and functions of the reimbursing agency.
3 Travel expenses incurred by a person during the course of seeking
4 employment with a state agency, unless such travel is performed at
5 the request of the employing agency, shall not be considered
6 expenses incurred in performing substantial and necessary services
7 to the state and shall not be reimbursed under the provisions of the
8 State Travel Reimbursement Act.

9 B. The chief administrative officer of the Department of Public
10 Safety, the Oklahoma State Bureau of Investigation, the Oklahoma
11 State Bureau of Narcotics and Dangerous Drugs Control, the Military
12 Department of the State of Oklahoma, the Department of Corrections,
13 the Department of Central Services, the Alcoholic Beverage Laws
14 Enforcement Commission, the Oklahoma Department of Agriculture,
15 Food, and Forestry, the Oklahoma Department of Emergency Management,
16 and the State Fire Marshal may arrange for and charge meals and
17 lodging for a contingent of state personnel moved into an area for
18 the purpose of preserving the public health, safety, or welfare or
19 for the protection of life or property. The cost for meals or
20 lodging so charged shall not exceed the amount authorized in the
21 State Travel Reimbursement Act. The chief administrative officer of
22 each agency involved in such an operation shall require the vendor
23 furnishing meals, lodging, or both meals and lodging to submit an
24 itemized statement for payment. When a claim for lodging is made

1 for a contingent of state personnel, individual members of the
2 contingent may not submit a claim for lodging. When a claim for
3 meals is made for a contingent of state personnel, individual
4 members of the contingent may not submit a claim for meals.

5 C. The Oklahoma Department of Commerce, the Oklahoma Center for
6 the Advancement of Science and Technology, and the Oklahoma
7 Department of Agriculture, Food, and Forestry are hereby authorized
8 to enter into contracts and agreements for the payment of food,
9 lodging, meeting facility and beverage expenses as may be necessary
10 for sponsoring seminars and receptions relating to economic
11 development and science and technology issues. Such expenses may be
12 paid directly to the contracting agency or business establishment.
13 The Director of the Oklahoma Department of Commerce, the President
14 of the Oklahoma Center for the Advancement of Science and
15 Technology, and the Commissioner of Agriculture shall each provide a
16 quarterly report of such expenditures to the Governor, the Speaker
17 of the House of Representatives and the President Pro Tempore of the
18 Senate.

19 D. The Native American Cultural and Educational Authority is
20 hereby authorized to enter into contracts and agreements for the
21 payment of food, lodging, and meeting facility as may be necessary
22 to pursue the promotion of fund-raising, marketing, and development
23 of Native American educational programs and cultural projects, or to
24 sponsor luncheons, seminars, and receptions relating to Native

1 American educational, cultural, museum, and economic development
2 issues. Such expenses may be paid directly to the contracting
3 agency or business establishment. The Executive Director shall
4 provide a monthly report of expenditures to the Board.

5 E. For purposes of this section:

6 1. "State agency" means any constitutionally or statutorily
7 created state board, commission, or department, including the
8 Legislature and the Courts;

9 2. State agencies are authorized to enter into contracts and
10 agreements for the payment of food and lodging expenses as may be
11 necessary for employees or other persons who are performing
12 substantial and necessary services to the state by attending
13 official conferences, meetings, seminars, workshops, or training
14 sessions or in the performance of their duties. Such expenses may
15 be paid directly to the contracting agency or business
16 establishment, provided the meeting qualifies for overnight travel
17 for the employees and the cost for food and lodging for each
18 employee shall not exceed the total daily rate as provided in the
19 State Travel Reimbursement Act; and

20 3. State agencies are authorized to enter into contracts and
21 agreements for the payment of conference registration expenses as
22 may be necessary for employees or other persons who are performing
23 substantial and necessary services to the state by attending
24 official conferences, meetings, seminars, workshops, or training

1 sessions. Such expenses may be paid directly to the contracting
2 agency or business establishment.

3 F. State agencies are authorized to make direct purchases of
4 commercial airline tickets for use by employees in approved out-of-
5 state travel. Each claim or invoice submitted to the Director of
6 State Finance for the payment of the purchase shall bear the airline
7 identifying ticket number, the name of the airline, total cost of
8 each ticket purchased, class of accommodation, social security
9 number, and name of the employee for whom the ticket was purchased,
10 and shall be filed on claim forms as prescribed by the Director of
11 State Finance. The employee shall sign an affidavit stating that
12 the employee did use any direct purchase commercial airline ticket
13 received for his or her approved out-of-state travel.

14 G. 1. The Administrator of the Office of Personnel Management
15 is hereby authorized to enter into contracts and agreements for the
16 payment of food, lodging, and other authorized expenses as may be
17 necessary to host, conduct, sponsor, or participate in conferences,
18 meetings, or training sessions. The Administrator may establish
19 accounts as necessary for the collection and distribution of funds,
20 including funds of sponsors and registration fees, related to such
21 conferences, meetings, and training sessions. Expenses incurred may
22 be paid directly to the contracting agency or business
23 establishment.

1 2. The cost of food for persons attending any conferences,
2 meetings, and training sessions that do not require overnight travel
3 shall not exceed the total daily rate as provided in the State
4 Travel Reimbursement Act.

5 H. 1. The Commissioner of the Department of Mental Health and
6 Substance Abuse Services is hereby authorized to enter into
7 contracts and agreements for the payment of food, lodging, and other
8 authorized expenses as may be necessary to host, conduct, sponsor,
9 or participate in conferences, meetings, or training sessions. The
10 Commissioner may establish accounts as necessary for the collection
11 and distribution of funds, including funds of sponsors and
12 registration fees, related to such conferences, meetings, and
13 training sessions. Any expenses incurred may be paid directly to
14 the contracting agency or business establishment.

15 2. The cost of food for persons attending any conferences,
16 meetings, and training sessions that do not require overnight travel
17 shall not exceed the total daily rate as provided in the State
18 Travel Reimbursement Act.

19 I. The Oklahoma Indigent Defense System is hereby authorized to
20 enter into contracts and agreements for the payment of lodging as
21 necessary for employees to carry out their duties in representing
22 any client whom the System has been properly appointed to represent.
23 Such expenses may be paid directly to the contracting agency or
24 business establishment. The cost for lodging for each employee

1 shall not exceed the daily rate as provided in the State Travel
2 Reimbursement Act.

3 J. The Oklahoma Tourism and Recreation Department is hereby
4 authorized to enter into contracts and agreements for the payment of
5 food, lodging, and meeting facility and beverage expenses as may be
6 necessary for seminars and receptions relating to familiarization
7 tours and tourism development. The expenses may be paid directly to
8 the contracting agency or business establishment. The Executive
9 Director of Oklahoma Tourism and Recreation Department shall provide
10 a monthly report of any such expenditures to the Oklahoma Tourism
11 and Recreation Commission.

12 K. The Oklahoma Tourism and Recreation Department is hereby
13 authorized to enter into contracts and agreements for the payment of
14 exhibitor fees and display space charges at expositions to promote
15 the Department's recreational facilities and the tourism and
16 recreation industry. The expenses may be paid directly to the
17 contracting agency or business establishment; provided that no
18 payment shall be made prior to the event unless it conveys a
19 property right to the state for future availability and use.

20 L. 1. The Oklahoma Highway Safety Office of the Department of
21 Public Safety is hereby authorized to enter into contracts and
22 agreements for the payment of food, lodging, and other authorized
23 expenses as may be necessary, to host, conduct, sponsor, or
24 participate in highway-safety-related conferences, workshops,

1 seminars, meetings, or training sessions. The payments shall be for
2 all persons in attendance, including, but not limited to, employees
3 of political subdivisions or employees of the state or federal
4 government. For purposes specified in this paragraph, only federal
5 highway safety funds may be used in accordance with federal
6 guidelines and regulations, and no appropriated state funds shall be
7 used.

8 2. The cost of food for persons attending any highway safety
9 conferences, workshops, seminars, meetings, and training sessions
10 that do not require overnight travel shall not exceed the total
11 daily rate as provided in the State Travel Reimbursement Act.

12 M. 1. The Director of the Oklahoma State Bureau of
13 Investigation is hereby authorized to enter into contracts and
14 agreements for the payment of food, lodging and other authorized
15 expenses as may be necessary to host, conduct, sponsor or
16 participate in any conference, meeting, training session or
17 initiative to promote the mission and purposes of the Bureau. The
18 payments may be for all persons in attendance, including, but not
19 limited to, employees of political subdivisions or employees of the
20 state or federal government.

21 2. The cost of food for persons that do not require overnight
22 travel shall not exceed the total daily rate as provided in the
23 State Travel Reimbursement Act.

1 N. The Oklahoma Homeland Security Director is hereby authorized
2 to enter into contracts and agreements for the payment of food,
3 lodging and other authorized expenses as may be necessary to host,
4 conduct, sponsor, or participate in homeland security related
5 conferences, meetings, workshops, seminars, exercises or training
6 sessions. The expenses may be paid directly to the contracting
7 agency or business establishment.

8 O. 1. The Insurance Commissioner of the Insurance Department
9 of the State of Oklahoma is hereby authorized to enter into
10 contracts and agreements for the payment of food, lodging, and other
11 authorized expenses as may be necessary to host, conduct, sponsor,
12 or participate in conferences, meetings, or training sessions. The
13 Commissioner may establish accounts as necessary for the collection
14 and distribution of funds, including funds of sponsors and
15 registration fees, related to such conferences, meetings, and
16 training sessions. Any expenses incurred may be paid directly to
17 the contracting agency or business establishment.

18 2. The cost of food for persons attending any conferences,
19 meetings, and training sessions that do not require overnight travel
20 shall not exceed the total daily rate as provided in the State
21 Travel Reimbursement Act.

22 SECTION 36. This act shall become effective July 1, 2007.

23 SECTION 37. It being immediately necessary for the preservation
24 of the public peace, health and safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

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