ENROLLED HOUSE
BILL NO. 1960

By: Peterson (Ron) of the House

and

Brown of the Senate

An Act relating to insurance; amending 36 O.S. 2001, Section 982, as amended by Section 13, Chapter 519, O.S.L. 2004 (36 O.S. Supp. 2006, Section 982), which relates to the Property and Casualty Competitive Loss Cost Rating Act; updating statutory references; amending 36 O.S. 2001, Section 987, as last amended by Section 7, Chapter 129, O.S.L. 2005 (36 O.S. Supp. 2006, Section 987), which relates to rate filings; placing certain burden of proof on insurer or filer; amending 36 O.S. 2001, Section 992, as amended by Section 9, Chapter 129, O.S.L. 2005 (36 O.S. Supp. 2006, Section 992), which relates to prohibited activity; removing references to advisory organization; amending 36 O.S. 2001, Section 995, which relates to joint underwriting and reinsurance; updating statutory reference; amending 36 O.S. 2001, Sections 996 and 998, which relate to competitive loss cost rating; modifying name of act; amending Section 24, Chapter 519, O.S.L. 2004 (36 O.S. Supp. 2006, Section 1001), which relates to judicial review; clarifying language; requiring certain insurers to provide loss runs to consumers; amending 36 O.S. 2001, Section 1219.4, as last amended by Section 1, Chapter 425, O.S.L. 2005 (36 O.S. Supp. 2006, Section 1219.4), which relates to definitions; adding disclaimer to discount card; amending 36 O.S. 2001, Section 1435.7, as last amended by Section 3, Chapter 150, O.S.L. 2003 (36 O.S. Supp. 2006, Section 1435.7), which relates to resident insurer producer licensing; modifying licensure requirements; requiring application for resident provisional insurance producer license; prescribing requirements; requiring certain findings by Insurance Commissioner;

prescribing conditions; providing for expiration of license; authorizing administrative penalties; amending 36 O.S. 2001, Section 1435.13, as amended by Section 9, Chapter 274, O.S.L. 2004 (36 O.S. Supp. 2006, Section 1435.13), which relates to the Oklahoma Producer Licensing Act; providing certain information not available for public inspection; providing for certain information to be considered public record; amending 36 O.S. 2001, Section 1435.15, as amended by Section 17, Chapter 307, O.S.L. 2002 (36 O.S. Supp. 2006, Section 1435.15), which relates to insurance producers; modifying time period related to notice of appointment; amending 36 O.S. 2001, Section 1435.23, as last amended by Section 47, Chapter 264, O.S.L 2006 (36 O.S. Supp. 2006, Section 1435.23), which relates to licensing fees; providing for insurance producer's provisional license fee; amending 36 O.S. 2001, Section 1435.29, as last amended by Section 5, Chapter 150, O.S.L. 2003 (36 O.S. Supp. 2006, Section 1435.29), which relates to continuing insurance education; modifying requirements for biennial continuing education; authorizing promulgation of rules; modifying procedures with respect to certain fees related to continuing education; amending 36 O.S. 2001, Section 1452, as amended by Section 22, Chapter 307, O.S.L. 2002 (36 O.S. Supp. 2006, Section 1452), which relates to third-party administrators; requiring independent certified public accountant to prepare certain report; amending 36 O.S. 2001, Section 1616, as last amended by Section 2, Chapter 425, O.S.L. 2005 (36 O.S. Supp. 2006, Section 1616), which relates to investments by domestic insurers; modifying provisions related to authorized investments; amending 36 O.S. 2001, Section 1652, which relates to investments in certain subsidiary entities; authorizing certain investments; amending 36 O.S. 2001, Section 3639, as last amended by Section 60, Chapter 264, O.S.L. 2006 (36 O.S. Supp. 2006, Section 3639), which relates to insurance policies; expanding scope of applicability; amending 36 O.S. 2001, Section 4101, as amended by Section 15, Chapter 129, O.S.L. 2005 (36 O.S. Supp. 2006, Section 4101), which relates to requirements of certain insurance policies; modifying requirements; amending 36 O.S. 2001, Section 4101.1, which relates to

certain group life insurance policies; modifying provisions related to coverage of dependents; amending 36 O.S. 2001, Section 6130, which relates to misappropriating funeral trust funds; modifying penalty; amending 36 O.S. 2001, Section 6202, which relates to the Insurance Adjusters Licensing Act; modifying definitions; amending 36 O.S. 2001, Section 6205, which relates to nonresident adjuster licensing; modifying application requirements; amending 36 O.S. 2001, Section 6206, which relates to adjuster licensing; making certain information a public record; requiring mailing address to appear on license; requiring notification of change of address; amending 36 O.S. 2001, Section 6208, which relates to examination for adjuster license; modifying reciprocity requirements for adjusters; amending 36 O.S. 2001, Section 6210, which relates to examination for adjuster license; modifying waiting period for reexamination; amending 36 O.S. 2001, Section 6215, which relates to place of business of licensed adjuster; modifying change of address of adjusters; amending 36 O.S. 2001, Section 6217, which relates to adjuster license expiration; modifying continuing education requirements; providing procedures for approval of courses and providers for continuing education; amending 36 O.S. 2001, Section 6521, which relates to risk-assuming carriers; eliminating public comment period; amending 36 O.S. 2001, Section 6602, as last amended by Section 1, Chapter 169, O.S.L. 2004 (36 O.S. Supp. 2006, Section 6602), which relates to the Service Warranty Insurance Act; modifying definition; amending 36 O.S. 2001, Section 6615, as amended by Section 2, Chapter 169, O.S.L. 2004 (36 O.S. Supp. 2006, Section 6615), which relates to the Service Warranty Insurance Act; modifying provisions related to certain automobile service warranties; amending Section 22, Chapter 390, O.S.L. 2003, as amended by Section 18, Chapter 129, O.S.L. 2005 (36 O.S. Supp. 2006, Section 6821), which relates to medical professional liability; modifying notification requirements; amending 74 O.S. 2001, Section 500.2, as last amended by Section 82, Chapter 16, O.S.L. 2006 (74 O.S. Supp. 2006, Section 500.2), which relates to reimbursement of expenses for state officials; authorizing the Insurance Commissioner to

enter into certain contracts and agreements; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 36 O.S. 2001, Section 982, as amended by Section 13, Chapter 519, O.S.L. 2004 (36 O.S. Supp. 2006, Section 982), is amended to read as follows:

Section 982. Definitions.

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

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

2. "Advisory organization" means any corporation, unincorporated association, partnership or person, whether located inside or outside this state, that is licensed in accordance with Section ~~991~~ 1140 of this title and which assists insurers in ratemaking-related activities such as enumerated in Section ~~993~~ 1142 of this title;

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

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

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

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

7. "Developed losses" means losses, including loss adjustment expenses, adjusted using accepted actuarial standards, to eliminate

the effect of differences between current payment or reserve estimates and those which are anticipated to provide actual ultimate loss, including loss adjustment expense payments;

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

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

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

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

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

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

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

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

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

17. "Prospective loss costs" means historical aggregate losses and may include loss adjustment expenses, including all assessments that are loss based, projected through development to their ultimate value and through trending to a future point in time;

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

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

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

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

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

23. "Supplementary rating information" means any manual or plan of rates, classification, rating schedule, minimum premium, policy fee rating rule and any other information needed to determine the applicable premium in effect or to be in effect. This includes, rating plans, territory codes and descriptions and rules which include factors or relativities such as increased limits factors, deductible discounts or relativities, classification relativities or similar factors used to determine the rate in effect or to be in effect;

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

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

SECTION 2. AMENDATORY 36 O.S. 2001, Section 987, as last amended by Section 7, Chapter 129, O.S.L. 2005 (36 O.S. Supp. 2006, Section 987), is amended to read as follows:

Section 987. Rate Filings.

A. In a competitive market, every insurer shall file with the Commissioner all rates and supplementary rate information to be used in this state no later than thirty (30) days after the effective date; provided, that the rates and supplementary rate information need not be filed for commercial risks, which by general custom are not written according to manual rules or rating plans.

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

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

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

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

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

F. A filing and any supporting information required to be filed shall be open to public inspection once the filing becomes effective except information marked confidential, trade secret, or proprietary by the insurer or filer. The insurer or filer shall have the burden of asserting to the Commissioner that a filing and supporting information are confidential, upon the request of the Commissioner. The Commissioner may disapprove of the insurer's request for confidential filing status.

SECTION 3. AMENDATORY 36 O.S. 2001, Section 992, as amended by Section 9, Chapter 129, O.S.L. 2005 (36 O.S. Supp. 2006, Section 992), is amended to read as follows:

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

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

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

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

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

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

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

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

SECTION 4. AMENDATORY 36 O.S. 2001, Section 995, is amended to read as follows:

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

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

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

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

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

E. Every pool shall file with the Commissioner a copy of its constitution, articles of incorporation, agreement or association, bylaws, rules and regulations governing its activities, list of members, the name and address of a resident of this state upon whom notice, orders of the Commissioner, or process may be served, and any changes in amendments or changes in the foregoing.

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

SECTION 5. AMENDATORY 36 O.S. 2001, Section 996, is amended to read as follows:

Section 996. Assigned Risks.

Agreements may be made among insurers with respect to the equitable apportionment among them of insurance which may be afforded applicants who are in good faith entitled to, but who are

unable to procure such insurance through ordinary methods, and such insurers may agree among themselves on the use of reasonable rate modifications for such insurance, such agreements and rate modifications to be subject to the approval of the Commissioner. Nothing in the ~~Commercial~~ Property and Casualty Competitive Loss Cost Rating Act shall permit disapproval of a residual market plan permitting an insurer to elect voluntary direct assignment.

SECTION 6. AMENDATORY 36 O.S. 2001, Section 998, is amended to read as follows:

Section 998. Appeals from Commissioner.

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

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

SECTION 7. AMENDATORY Section 24, Chapter 519, O.S.L. 2004 (36 O.S. Supp. 2006, Section 1001), is amended to read as follows:

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

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1204.1 of Title 36, unless there is created a duplication in numbering, reads as follows:

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

SECTION 9. AMENDATORY 36 O.S. 2001, Section 1219.4, as last amended by Section 1, Chapter 425, O.S.L. 2005 (36 O.S. Supp. 2006, Section 1219.4), is amended to read as follows:

Section 1219.4 A. As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. otherwise is entitled to be registered,

b. files with the Department a renewal application on the form that the Insurance Commissioner requires, and

c. pays to the Department a renewal fee of Two Hundred Fifty Dollars ($250.00).

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

a. makes a material misstatement or misrepresentation in an application for registration,

b. fraudulently or deceptively obtains or attempts to obtain a registration for the applicant or registrant or for another,

c. in connection with the administration of a health care discount program, commits fraud or engages in illegal or dishonest activities, or

d. has violated any provisions of this section.

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

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

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

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

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

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

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

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

2. Failure by the discount medical plan organization to pay the expenses incurred under paragraph 1 of this subsection shall be grounds for denial or revocation of the discount medical plan organization's registration.

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

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

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

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

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

a. use in its advertisements, marketing material, brochures, and discount cards the terms “insurance”, "health plan", "coverage", "copay", "copayments", "preexisting conditions", "guaranteed issue", "premium", "PPO", "preferred provider organization”, or other terms in a manner that could reasonably mislead a person to believe that the discount medical plan is health insurance,

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

c. pay providers any fees for medical services.

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

F. 1. The following disclosures, to be printed in not less than twelve-point type, shall be made in writing to any prospective member and shall appear on the first page of any advertisements,

marketing materials or brochures relating to a discount medical plan:

a. that the plan is not insurance,

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

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

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.

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

a. a description of the services and products to be provided at a discount,

b. the amount or amounts of the discounts or, alternatively, a fee schedule which reflects the health care provider's discounted rates, and

c. a provision that the health care provider will not charge members more than the discounted rates.

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

a. contain the terms described in paragraph 2 of this subsection,

b. authorize the health care provider network to contract with the discount medical plan organization on behalf of the provider, and

c. require the network to maintain an up-to-date list of its contracted health care providers and to provide that list on a quarterly basis to the discount medical plan organization.

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

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

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

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

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

J. 1. The Insurance Department of the State of Oklahoma may suspend the authority of a discount medical plan organization to enroll new members, revoke any registration issued to a discount medical plan organization, or order compliance if the Department 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 revocation, to wind up its affairs transacted under the registration. The organization may not engage in any further

advertising, solicitation, collecting of fees, or renewal of contracts.

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

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

L. Each discount medical plan organization shall maintain an up-to-date list of the names and addresses of the providers with which it has contracted on an Internet web site page, the address of which shall be prominently displayed on all its advertisements, marketing materials, brochures, and discount cards. This section applies to those providers with whom the discount medical plan organization has contracted directly, as well as those who are members of a provider network with which the discount medical plan organization has contracted.

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

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

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

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

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

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

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

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

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

a. a discount medical plan organization is being operated by any person or entity that is not registered pursuant to this section, or

b. any person, entity, or discount medical plan organization has engaged in any activity prohibited by this section or any rule adopted pursuant to this section.

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

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

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

SECTION 10. AMENDATORY 36 O.S. 2001, Section 1435.7, as last amended by Section 3, Chapter 150, O.S.L. 2003 (36 O.S. Supp. 2006, Section 1435.7), is amended to read as follows:

Section 1435.7 A. A person applying for a resident insurance producer license shall make application to the Insurance Commissioner on the Uniform Application or an application approved by the Commissioner and declare under penalty of refusal, suspension or revocation of the license that the statements made in the application are true, correct and complete to the best of the individual's knowledge and belief. Before approving the application, the Insurance Commissioner shall find that the individual:

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

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

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

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

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

B. ~~In connection with the licensure of an applicant for a resident insurance producer license, the applicant shall submit either a letter from the appointing insurer verifying acceptance of responsibility for the actions of the applicant in the scope of that person's appointment, or submit and maintain an errors and omissions 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

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

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

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

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

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1435.7A of Title 36, unless there is created a duplication in numbering, reads as follows:

A. A person applying for a resident provisional insurance producer license shall make application to the Insurance Commissioner on the Uniform Application or an application approved by the Commissioner and declare under penalty of refusal, suspension or revocation of the license that the statements made in the application are true, correct and complete to the best of the individual's knowledge and belief. Before approving the application, the Insurance Commissioner shall find that the individual:

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

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

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

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

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

B. Conditions of the provisional license include:

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

2. The sponsor shall sign all sales applications;

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

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

a. insurance agency administration,

b. ethics, and

c. fiduciary responsibility.

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

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

SECTION 12. AMENDATORY 36 O.S. 2001, Section 1435.13, as amended by Section 9, Chapter 274, O.S.L. 2004 (36 O.S. Supp. 2006, Section 1435.13), is amended to read as follows:

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

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

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

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

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

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

6. Having been convicted of a felony;

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

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

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

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

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

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

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

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

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

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

D. In addition to or in lieu of any applicable denial, probation, censure, suspension or revocation of a license, a person may, after opportunity for hearing, be subject to a civil fine of not less than One Hundred Dollars ($100.00) nor more than One Thousand Dollars ($1,000.00) for each occurrence. Said penalty may be enforced in the same manner in which civil judgments may be enforced.

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

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

G. Files pertaining to investigations or legal matters which contain information concurring a current and ongoing investigation of allegations of violations of the Oklahoma Insurance Code by a licensed agent shall not be available for public inspection without proper judicial authorization; however, a licensee under investigation for alleged violations of the Oklahoma Insurance Code, or against whom an action for alleged violations of the Oklahoma

Insurance Code has been commenced, may view evidence and complaints pertaining to the investigation, other than privileged information, at reasonable times at the Commissioner's office. All qualification examination materials, booklets and answers for any license authorized to be issued by the Commissioner under any statute shall not be available for public inspection. The residence address, residence telephone number, birth date, and social security number of a licensee shall not be available for public inspection. A separate business or mailing address provided by the licensee shall be considered a public record. If the residence and business addresses or residence and business telephone numbers are the same, such addresses or telephone numbers shall be considered a public record.

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

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

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

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

SECTION 13. AMENDATORY 36 O.S. 2001, Section 1435.15, as amended by Section 17, Chapter 307, O.S.L. 2002 (36 O.S. Supp. 2006, Section 1435.15), is amended to read as follows:

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

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

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

D. An insurer or authorized representative of an insurer shall pay a biennial appointment fee, in the amount and method of payment set forth in Section 1435.23 of this title, for each insurance producer appointed by the insurer for each insurer for which the insurance producer is appointed.

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

SECTION 14. AMENDATORY 36 O.S. 2001, Section 1435.23, as last amended by Section 47, Chapter 264, O.S.L. 2006 (36 O.S. Supp. 2006, Section 1435.23), is amended to read as follows:

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

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

1. For filing appointment of Insurance Commissioner as agent for service of process .....$ 20.00

2. Miscellaneous:

   a. Certificate and Clearance of Commissioner .....$ 3.00

   b. Insurance producer's study manual:

      Life, Accident & Health.....not to exceed $ 40.00

      Property and Casualty.....not to exceed $ 40.00

   c. For filing organizational documents of an entity applying for a license as an insurance producer.....$ 20.00

3. Examination for license:

      For each examination covering laws and one or more lines of insurance..... not to exceed $100.00

4. Licenses:

   a. Insurance producer's biennial license, regardless of number of companies represented.....$ 60.00

   b. Insurance producer's biennial license for sale or solicitation of separate accounts or agreements, as provided for

in Section 6061 of this title.....$ 60.00

c. Limited lines producer biennial license.....$ 40.00

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 Treasurer, who shall place the same to the credit of the State Insurance Commissioner Revolving Fund for the purpose of fulfilling and accomplishing the conditions and purposes of the Oklahoma

Producer Licensing Act, including the use of postal mail facilities for the Department.

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

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

D. All fees, fines, monies, and license fees authorized by the provisions of this section and not dedicated by the provisions of subsection B of this section to the State Insurance Commissioner Revolving Fund shall be paid into the State Treasury to the credit of the General Revenue Fund of this state.

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

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

SECTION 15. AMENDATORY 36 O.S. 2001, Section 1435.29, as last amended by Section 5, Chapter 150, O.S.L. 2003 (36 O.S. Supp. 2006, Section 1435.29), is amended to read as follows:

Section 1435.29 A. 1. Each insurance producer shall, biennially, complete not less than fourteen (14) clock hours of continuing insurance education which shall cover subjects in the

lines for which the insurance producer is licensed. Such education may include a written or oral examination.

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

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

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

a. employees of the Insurance Commissioner,

b. a continuing education advisory committee, or

c. an independent service whose normal business activities include the review and approval of continuing education courses and providers. The Commissioner may negotiate agreements with such independent service to review documents and other materials submitted for approval of courses and providers and provide the Commissioner with its nonbinding recommendation. The Commissioner may require such independent service to collect the fee charged by the independent service for reviewing materials provided for review directly from the course providers.

The Insurance Commissioner has sole authority to approve courses and providers of continuing education. If the Insurance Commissioner uses one of the entities listed above to provide a nonbinding recommendation, the Commissioner shall adopt or decline to adopt the recommendation within thirty (30) days of receipt of the recommendation. In the event the Insurance Commissioner takes no action within said thirty-day period, the recommendation made to the Commissioner will be deemed to have been adopted by the Commissioner.

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

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

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

~~b. any part of the American College diploma curriculum for Chartered Life Underwriters (CLU), Registered Health Underwriters (RHU), Chartered Financial Consultants (ChFC), or Registered Employee Benefits Consultants (REBC), totaling thirty (30) classroom hours,~~

~~c. 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. The rules shall include standardized criteria for reviewing the professional associations' mission, membership, and other relevant information, and shall provide a procedure for the Department to disallow all or part of a presumptively approved course. Professional association courses approved in accordance with this paragraph shall be reviewed every three (3) years to determine whether they continue to qualify for continuing education credit.

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

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

C. Each provider of continuing education shall, after approval by the Commissioner, submit an annual fee ~~of Two Hundred Dollars ($200.00)~~. A fee shall be assessed for each course submission at the time it is first submitted for review and upon submission for renewal at expiration. Annual fees and course submission fees shall be set forth as a rule by the Commissioner. The fees are payable to the Insurance Commissioner which shall be deposited in the State Insurance Commissioner Revolving Fund, created in subsection C of Section 1435.23 of this title, for the purposes of fulfilling and accomplishing the conditions and purposes of the Oklahoma Producer Licensing Act and the Insurance Adjusters Licensing Act. Provided, public-funded educational institutions, federal agencies, and Oklahoma state agencies shall be exempt from this subsection.

D. Failure of an insurance producer or customer service representative to comply with the requirements of this act may, after notice and opportunity for hearing, result in censure,

suspension, nonrenewal of license or a civil penalty of up to Five Hundred Dollars ($500.00) or by both such penalty and civil penalty. Said civil penalty may be enforced in the same manner in which civil judgments may be enforced. Any civil penalties collected under this act shall be deposited in the State Insurance Commissioner Revolving Fund.

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

F. Insurance producers and limited lines producers who are sixty-five (65) years of age or older and who have at least thirty (30) years of experience as insurance producers or limited lines producers, and who do not write new business, shall be exempt from the provisions of this section.

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

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

SECTION 16. AMENDATORY 36 O.S. 2001, Section 1452, as amended by Section 22, Chapter 307, O.S.L. 2002 (36 O.S. Supp. 2006, Section 1452), is amended to read as follows:

Section 1452. On or before June 1 of each year, all licensed administrators shall file an annual report for the previous calendar year prepared by a certified public accountant, independent of the administrator, and which shall be subscribed and sworn to by the president and attested to by the secretary or other proper officers substantiating that the information contained in the report is true and factual concerning each of the plans they administer which are governed pursuant to the provisions of the Third-party Administrator Act. The report shall include the name and address of each fund and a statement of fund equity, paid claims by the covered unit, the accumulated year-to-date paid claims, and the year-to-date reserve status. Failure of any third-party administrator to execute and file such annual reports as required by this section shall constitute cause, after notice and opportunity for hearing, for censure, suspension, or revocation of administrator licensure to transact business in this state, or a civil penalty of not less than One Hundred Dollars ($100.00) or more than One Thousand Dollars

($1,000.00) for each occurrence, or both censure, suspension, or revocation and civil penalty.

SECTION 17. AMENDATORY 36 O.S. 2001, Section 1616, as last amended by Section 2, Chapter 425, O.S.L. 2005 (36 O.S. Supp. 2006, Section 1616), is amended to read as follows:

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

~~B.~~ Except with the consent of the Insurance Commissioner, no domestic life insurer shall, in addition to other investments permitted by this article, invest an amount equal in the aggregate to more than ten percent (10%) of its assets, or in the case of a domestic nonlife insurer, an amount equal in the aggregate to more than twenty percent (20%) of its assets in the shares of solvent corporations created or existing under the laws of the United States or of any state~~, including the shares of a substantially owned or wholly owned subsidiary corporation~~. Investing in the shares of mutual funds that invest only in bonds or preferred stocks shall be considered as investing in bonds or preferred stocks, and investing in mutual funds that invest in common stocks shall be considered as investing in common stocks. However, investments in the shares of subsidiaries or companion insurance companies shall be governed by ~~paragraph A~~ Section 1652 of this ~~section~~ title and this subsection shall not apply to investments by domestic insurers in the shares of insurance subsidiaries.

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

SECTION 18. AMENDATORY 36 O.S. 2001, Section 1652, is amended to read as follows:

Section 1652. A. Any domestic insurer, either by itself or in cooperation with one or more persons, may organize or acquire one or

more subsidiaries to the extent permitted by Article 16 of the Insurance Code. Such subsidiaries may conduct any type of business or businesses and their authority to do so will not be limited by the fact that they are subsidiaries of a domestic insurer.

B. Any domestic insurer, in addition to other investments permitted by this article, may invest in common stock, preferred stock, debt obligations, and other securities of one or more subsidiaries in amounts which do not exceed the lesser of ten percent (10%) of the assets of the insurer or fifty percent (50%) of the surplus of the insurer in regard to policyholders except instances where a greater investment has been approved by the Commissioner. However, investments by domestic insurers in insurance subsidiaries shall not be limited by this subsection.

SECTION 19. AMENDATORY 36 O.S. 2001, Section 3639, as last amended by Section 60, Chapter 264, O.S.L. 2006 (36 O.S. Supp. 2006, Section 3639), is amended to read as follows:

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

B. As used in this section:

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

2. "Nonpayment of premium" means the failure or inability of the named insured to discharge any obligation in connection with the payment of premiums on a policy of insurance subject to this section, whether such payments are payable directly to the insurer or its agent or indirectly payable under a premium finance plan or extension of credit;

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

4. "Expiration date" means the date upon which coverage under a policy ends. It also means, for a policy written for a term longer

than one (1) year or with no fixed expiration date, each annual anniversary date of such policy; and

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

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

1. Nonpayment of premium;

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

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

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

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

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

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

8. Loss of or substantial changes in applicable reinsurance.

D. An insurer may refuse to renew a policy if the insurer gives to the first-named insured at the address shown on the policy written notice that the insurer will not renew the policy. Such

notice shall be given at least forty-five (45) days before the expiration date. If notice is given by mail, said notice shall be deemed to have been given on the day said notice is mailed. If the notice is mailed less than forty-five (45) days before expiration, coverage shall remain in effect until forty-five (45) days after notice is mailed. Earned premium for any period of coverage that extends beyond the expiration date shall be considered pro rata based upon the previous year's rate. For purposes of this section, the transfer of a policyholder between companies within the same insurance group is not a refusal to renew. In addition, changing deductibles, changes in premium, changes in the amount of insurance, or reductions in policy limits or coverage are not refusals to renew.

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

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

E. An insurer shall give to the named insured at the mailing address shown on the policy, written notice of premium increase, change in deductible, reduction in limits or coverage at least forty-five (45) days prior to the expiration date of the policy. If the insurer fails to provide such notice, the premium, deductible, limits and coverage provided to the named insured prior to the change shall remain in effect until notice is given or until the effective date of replacement coverage obtained by the named insured, whichever first occurs. If notice is given by mail, said notice shall be deemed to have been given on the day said notice is mailed. If the insured elects not to renew, any earned premium for the period of extension of the terminated policy shall be calculated pro rata at the lower of the current or previous year's rate. If the insured accepts the renewal, the premium increase, if any, and other changes shall be effective the day following the prior policy's expiration or anniversary date.

This subsection shall not apply to:

1. Changes in a rate or plan filed with or approved by the Insurance Commissioner or filed pursuant to the Property and

Casualty Competitive Loss Cost Rating Act and applicable to an entire class of business; or

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

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

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

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

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

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

a. The employees eligible for insurance under the policy shall be all of the employees of the employer, or all of any class or classes thereof determined by conditions pertaining to their employment. The policy may provide that the term "employees" shall include the employees of one or more subsidiary corporations, and the employees, individual proprietors and partners of one or more affiliated corporations, proprietors or partnerships if the business of the employer and of such affiliated corporations, proprietors or partnerships is under common control through stock ownership or contract, or otherwise. The policy may provide that the term "employees" shall include the individual proprietor or partners if the 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 a 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 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 that the term "employees" shall include the trustees or their employees, or both, if their duties are principally connected with such trusteeship. A policy issued to insure the employees of a public body may provide that the term "employee" shall include elected or appointed officials.

b. The premium for the policy shall be paid by the policyholder, either wholly from the employer's funds or funds contributed by him, or partly from such funds and partly from funds contributed by the insured employees, or from funds contributed wholly by the insured employees. ~~A policy on which part or all of the premium is to be derived from funds contributed by the insured employees may be placed in force only if at least seventy-five percent (75%) of the then eligible employees, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer, elect to make the required contributions.~~ A policy on which no part of the premium is to be derived from funds contributed by the insured employees must insure all eligible employees, or all except any as to whom evidence of insurability is not satisfactory to the insurer.

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

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

a. The debtors eligible for insurance under the policy shall be all of the debtors of the creditor or all of any class or classes thereof determined by conditions pertaining to the indebtedness or to the purchase giving rise to the indebtedness. The policy may provide that the term "debtors" shall include the debtors of one or more subsidiary corporations, and the debtors of one or more affiliated corporations, proprietors or partnerships if the business of the policyholder and of such affiliated corporations, proprietors or partnerships is under common control through stock ownership, contract or otherwise.

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

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

d. The amount of insurance on the life of any debtor shall at no time exceed the amount owed by him which is repayable to the creditor, or One Hundred Thousand Dollars ($100,000.00), whichever is less, provided

further, no company licensed to do business in this state shall issue in excess of One Hundred Thousand Dollars ($100,000.00) group credit life insurance on one individual in the State of Oklahoma.

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

3. A policy issued to a labor union, which shall be deemed the policyholder, to insure members of such union for the benefit of persons other than the union or any of its officials, representatives or agents, subject to the following requirements:

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

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

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

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

4. A policy issued to the trustees of a fund established in this state by two or more employers in the same industry, provided a majority of the employees to be insured of each employer are located within this state, or to the trustees of a fund established by one or more labor unions, or by one or more employers in the same industry and one or more labor unions or by one or more employers and one or more labor unions whose members are in the same or related occupation or trades, or by an association of persons, licensed by the State of Oklahoma to engage in a recognized profession, which trustees shall be deemed the policyholder to insure employees of the employers or members of the unions or members of an association of persons, licensed by the State of Oklahoma to engage in a recognized profession, for the benefit of persons other than the employers or the unions, or the association of persons, licensed by the State of Oklahoma to engage in a recognized profession, subject to the following requirements:

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

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

b. The premium for the policy shall be paid by the trustees wholly from funds contributed by the employer or employers of the insured persons, or by the union or unions, or by both, or by an association of persons, licensed by the State of Oklahoma to engage in a recognized profession, or from funds contributed wholly or in part by the insured persons. ~~A policy on which part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance may be placed in force only if at least seventy-five percent (75%) of the then eligible persons, excluding any as to whom evidence of insurability is not satisfactory to the insurer, elect to make the required contributions. A policy issued to the trustees of a fund established by an association of persons, licensed by the State of Oklahoma to engage in a recognized profession, on which part or all the premium is to be derived from funds contributed by the insured persons specifically for their insurance, may be placed in force only if the total number of persons covered at the date of issue exceeds six hundred or seventy-five percent (75%) of the eligible persons, whichever is less, excluding any as to whom evidence of insurability is not satisfactory to the insurer, elect to make the required contribution.~~ A policy on which no part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance must insure all eligible persons, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

c. The policy must cover at date of issue at least one hundred persons; and if the fund is established by the members of an association of employers the policy may be issued only if (a) either (i) the participating employers constitute at date of issue at least sixty percent (60%) of those employer members whose employees are not already covered by group life

insurance or (ii) the total number of persons covered at date of issue exceeds six hundred; and (b) the policy shall not require that if a participating employer discontinues membership in the association, the insurance of his employees shall cease solely by reason of such discontinuance.

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

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

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

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

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

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

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

8. A policy issued to an alumni association of an institution of higher education accredited by the Oklahoma State Regents for Higher Education, to insure the members thereof for the purpose set forth in subsection E of Section 3604 of this title;

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

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

a. has been actively in existence for at least five (5) years,

b. has been formed and maintained in good faith for purposes other than obtaining insurance,

c. does not condition membership in the association on any health status-related factor relating to an individual, including an employee of an employer or a dependent of an employee or association member,

d. makes life insurance coverage offered through the association available to all members regardless of any health status-related factor relating to such member or individuals eligible for coverage through a member,

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

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

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

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

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

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

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

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

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

SECTION 21. AMENDATORY 36 O.S. 2001, Section 4101.1, is amended to read as follows:

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

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

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

D. Notwithstanding the provisions of paragraph 7 of Section 4103 of this title, only one certificate need be issued for each family unit if a statement concerning any dependent's coverage is included in such certificate.

SECTION 22. AMENDATORY 36 O.S. 2001, Section 6130, is amended to read as follows:

Section 6130. A. Any officer, director, agent, or employee of any organization subject to the terms of Sections 6121 through ~~6136~~ 6135 of this title who makes or attempts to make any contract in violation of the provisions of Sections 6121 through ~~6136~~ 6135 of this title, or who refuses to allow an inspection of the records of said organization, or who violates any other provision of Sections 6121 through ~~6136~~ 6135 of this title, upon conviction, shall be ~~punished by a fine of not less than One Hundred Dollars ($100.00) and not more than Five Hundred Dollars ($500.00) or by imprisonment in the county jail for not less than one (1) month and not more than six (6) months, or by both such fine and imprisonment~~ guilty of a felony and shall be punished by imprisonment in the State Penitentiary for a term of not more than ten (10) years, and a fine not exceeding Ten Thousand Dollars ($10,000.00), and ordered to pay restitution to the victim. Each violation of any provision of Sections 6121 through ~~6136~~ 6135 of this title shall be deemed a separate offense and prosecuted individually.

B. The violation of any provision of Sections 6121 through ~~6136~~ 6135 of this title shall constitute a cause for the Oklahoma State Board of Embalmers and Funeral Directors to revoke, or to refuse to issue or renew, any license issued pursuant to the provisions of Sections 396 through ~~396.26~~ 396.33 of Title 59 of the Oklahoma Statutes. The violation of any provision of Sections 6121 through ~~6136~~ 6135 of this title shall constitute a cause for the Insurance Commissioner to issue a notice and order to show cause why the

licensee shall not be censured, have his license suspended or revoked, be subject to a fine of not less than One Hundred Dollars ($100.00) and not more than One Thousand Dollars ($1,000.00), or be subject to both such fine and punishment.

SECTION 23. AMENDATORY 36 O.S. 2001, Section 6202, is amended to read as follows:

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

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

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

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

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

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

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

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

6. "Home state" means the District of Columbia and any state or territory of the United States in which the adjuster's principal place of residence or principal place of business is located. If neither the state in which the adjuster maintains the principal place of residence nor the state in which the adjuster maintains the principal place of business has a licensing or examination requirement, the adjuster may declare another state which has an examination requirement and in which the adjuster is licensed to be the "home state".

SECTION 24. AMENDATORY 36 O.S. 2001, Section 6205, is amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

C. If a nonresident applicant's home state does not license or require an examination for an adjuster license, the applicant shall pass an examination in this state prior to receiving a nonresident adjuster license.

SECTION 25. AMENDATORY 36 O.S. 2001, Section 6206, is amended to read as follows:

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

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

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

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

4. Is a trustworthy person;

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

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

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

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

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

SECTION 26. AMENDATORY 36 O.S. 2001, Section 6208, is amended to read as follows:

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

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

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

2. ~~An applicant who is licensed as an adjuster, as defined by the provisions of the Insurance Adjusters Licensing Act, in another state with which state a reciprocal agreement has been executed by the Commissioner~~ A nonresident applicant who has passed an

examination in the home state of the applicant and who is currently licensed and in good standing in the applicant's home state; or

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

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

SECTION 27. AMENDATORY 36 O.S. 2001, Section 6210, is amended to read as follows:

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

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

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

SECTION 28. AMENDATORY 36 O.S. 2001, Section 6215, is amended to read as follows:

Section 6215. Every licensed adjuster residing in this state shall have and maintain in this state a place of business accessible to the public. Said place of business shall be located where the adjuster principally conducts transactions in accordance with his or

her license. ~~The mailing address shall appear on all licenses of the licensee, and the licensee shall promptly notify the Insurance Commissioner within ten (10) days of any change in the mailing, business or residence address of the licensee.~~

SECTION 29. 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;~~

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

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

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

1. Employees of the Insurance Commissioner;

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

3. An independent service whose normal business activities include the review and approval of continuing education courses and providers. The Commissioner may negotiate agreements with such independent service to review documents and other materials submitted for approval of courses and providers and present the Commissioner with its nonbinding recommendation. The Commissioner may require such independent service to collect the fee charged by

the independent service for reviewing materials provided for review directly from the course providers.

C. An adjuster who, during the time period prior to renewal, participates in an approved professional designation program shall be deemed to have met the biennial requirement for continuing education. 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 subsection shall be made available to producers and providers annually.

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

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

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

~~D.~~ G. If the request, proof of compliance with the continuing education requirement and fee for renewal of a license as an adjuster are filed with the Commissioner prior to the expiration of the existing license, the licensee may continue to act pursuant to said license, unless revoked or suspended prior to the expiration

date, until the issuance of a renewal license or until the expiration of ten (10) days after the Commissioner has refused to renew the license and has mailed notice of said refusal to the licensee. Any request for renewal filed after the date of expiration may be considered by the Commissioner as an application for a new license.

SECTION 30. 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. The carrier's financial condition will no longer support the assumption of risk from issuing coverage to small employers in compliance with Section ~~5~~ 6519 of this ~~act~~ title without the protection afforded by the program;

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

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

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

SECTION 31. AMENDATORY 36 O.S. 2001, Section 6602, as last amended by Section 1, Chapter 169, O.S.L. 2004 (36 O.S. Supp. 2006, Section 6602), is amended to read as follows:

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

1. "Commissioner" means the Insurance Commissioner;

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

3. "Department" means the Insurance Department;

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

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

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

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

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

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

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

c. the association has knowingly overvalued its assets;

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

10. "Net assets" means the amount by which the total assets of an association, excluding goodwill, franchises, customer lists, patents or trademarks, and receivables from or advances to officers, directors, employees, salesmen, and affiliated companies, exceed the total liabilities of the association. For purposes of the Service Warranty Insurance Act, the term "total liabilities" does not include the capital stock, paid-in capital, or retained earning of an association;

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

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

13. "Sales representative" means any person utilized by an insurer or service warranty association for the purpose of selling or issuing service warranties and includes any individual possessing a certificate of competency who has the power to legally obligate the insurer or service warranty association or who merely acts as the qualifying agent to qualify the association in instances when a state statute or local ordinance requires a certificate of competency to engage in a particular business. However, in the case of service warranty associations selling service warranties from five or more business locations, the store manager or other person in charge of each such location shall be considered the sales representative;

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

a. maintenance service contracts under the terms of which there are no provisions for such indemnification are expressly excluded from this definition,

b. those contracts issued solely by the manufacturer, distributor, importer or seller of the product, or any affiliate or subsidiary of the foregoing entities, whereby such entity has contractual liability insurance in place, from ~~a company~~ an insurer licensed in the state, which covers one hundred percent (100%) of the claims exposure on all contracts written without being predicated on the failure to perform under such contracts, are expressly excluded from this definition,

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

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

e. the term "service warranty" does not include warranties, guarantees, extended warranties, extended

guarantees, contract agreements or any other service contracts issued by a company which has net assets in excess of One Hundred Million Dollars ($100,000,000.00). The calculation of the net assets shall include the assets of a parent company. When the net assets of the parent company are used to calculate the total net assets of the company, the net assets of the company issuing the policy shall total at least Twenty-five Million Dollars ($25,000,000.00);

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

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

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

SECTION 32. AMENDATORY 36 O.S. 2001, Section 6615, as amended by Section 2, Chapter 169, O.S.L. 2004 (36 O.S. Supp. 2006, Section 6615), is amended to read as follows:

Section 6615. A. In addition to the license fees provided in the Service Warranty Insurance Act for service warranty associations each such association and insurer shall, annually on or before the last day of February, file with the Insurance Commissioner its annual statement in the form prescribed by the Commissioner showing all premiums or assessments received by it in connection with the issuance of service warranties in this state during the preceding calendar year and other relevant financial information as deemed necessary by the Commissioner, using accounting principles which will enable the Commissioner to ascertain whether the financial requirements set forth in Section 6607 of this title have been satisfied.

B. The Commissioner may levy a fine of up to One Hundred Dollars ($100.00) a day for each day an association neglects to file

the annual statement in the form and within the time provided by the Service Warranty Insurance Act.

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

D. Premiums and assessments received by associations and insurers for service warranties shall not be subject to the premium tax provided for in Section 624 of this title, but shall be subject to an administrative fee of Two Dollars ($2.00) for each service warranty issued that provides coverage not to exceed Seventy-five Dollars ($75.00), Five Dollars ($5.00) for each service warranty issued that provides coverage in excess of Seventy-five Dollars ($75.00) but not to exceed Two Hundred Fifty Dollars ($250.00), and Ten Dollars ($10.00) for each service warranty that provides coverage in excess of Two Hundred Fifty Dollars ($250.00). However, associations and insurers that have contractual liability insurance in place, from a company licensed ~~or registered to issue automobile service warranties~~ in the state, which covers one hundred percent (100%) of the claims exposure of the association or insurer on all contracts written ~~without being predicated on the failure to perform under such contracts~~ shall be subject to an annual administrative fee of Two Thousand Five Hundred Dollars ($2,500.00). Said fees shall be paid quarterly to the Insurance Commissioner. All such fees, up to a maximum of Two Hundred Seventy-five Thousand Dollars ($275,000.00) per year, received by the Insurance Commissioner shall be deposited into the State Treasury to the credit of the Insurance Commissioner Revolving Fund for the payment of costs incurred by the Insurance Department in the administration of the Service Warranty Insurance Act. Amounts received in excess of the annual limitation shall be deposited to the credit of the General Revenue Fund.

SECTION 33. AMENDATORY Section 22, Chapter 390, O.S.L. 2003, as amended by Section 18, Chapter 129, O.S.L. 2005 (36 O.S. Supp. 2006, Section 6821), is amended to read as follows:

Section 6821.

MEDICAL PROFESSIONAL LIABILITY RATE SETTING

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

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

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

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

1. A policyholder or the policyholder's representative requests a hearing within forty-five (45) days of the notice and the Commissioner, within fifteen (15) days thereafter, grants the hearing, or determines not to grant the hearing and issues written findings in support of that decision; or

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

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

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

1. Rate change application hearings commenced during the ninety-day period provided by subsection C of this section. If a

hearing is commenced during the ninety-day period, the rate change application shall be deemed approved upon expiration of the ninety-day period or thirty (30) days after the close of the record of the hearing, whichever is later, unless disapproved prior to that date.

2. The hearing has been continued. The ninety-day period provided by subsection C of this section shall be tolled during any period of which a hearing is continued. A continuance shall be decided on a case by case basis. If the hearing is commenced or continued during the ninety-day period, the rate change application shall be deemed approved upon the expiration of the ninety-day period or thirty (30) days after the close of the record of the hearing, whichever is later, unless disapproved prior to that date.

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

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

SECTION 34. AMENDATORY 74 O.S. 2001, Section 500.2, as last amended by Section 82, Chapter 16, O.S.L. 2006 (74 O.S. Supp. 2006, Section 500.2), is amended to read as follows:

Section 500.2 A. Officials and employees of the state, traveling on authorized state business, may be reimbursed for expenses incurred in such travel in accordance with the provisions of the State Travel Reimbursement Act and existing statutes relating to state travel. Persons who are not state employees, but who are performing substantial and necessary services to the state which have been directed or approved by the appropriate department official shall enjoy the protection of the sovereign immunity of the state to the same extent as a paid employee. Such persons may be reimbursed for expenses incurred during authorized official travel under these same statutory provisions, provided it is indicated on the claim the person is not a state employee, a description of services performed is entered, and the agency head by approval of the claim certifies such services were substantial and necessary, and germane to the duties and functions of the reimbursing agency. Travel expenses incurred by a person during the course of seeking employment with a state agency, unless such travel is performed at the request of the employing agency, shall not be considered expenses incurred in performing substantial and necessary services

to the state and shall not be reimbursed under the provisions of the State Travel Reimbursement Act.

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

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

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

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

E. For purposes of this section:

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

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

3. State agencies are authorized to enter into contracts and agreements for the payment of conference registration expenses as may be necessary for employees or other persons who are performing substantial and necessary services to the state by attending official conferences, meetings, seminars, workshops, or training sessions. Such expenses may be paid directly to the contracting agency or business establishment.

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

G. 1. The Administrator of the Office of Personnel Management is hereby authorized to enter into contracts and agreements for the

payment of food, lodging, and other authorized expenses as may be necessary to host, conduct, sponsor, or participate in conferences, meetings, or training sessions. The Administrator may establish accounts as necessary for the collection and distribution of funds, including funds of sponsors and registration fees, related to such conferences, meetings, and training sessions. Expenses incurred may be paid directly to the contracting agency or business establishment.

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

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

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

I. The Oklahoma Indigent Defense System is hereby authorized to enter into contracts and agreements for the payment of lodging as necessary for employees to carry out their duties in representing any client whom the System has been properly appointed to represent. Such expenses may be paid directly to the contracting agency or business establishment. The cost for lodging for each employee shall not exceed the daily rate as provided in the State Travel Reimbursement Act.

J. The Oklahoma Tourism and Recreation Department is hereby authorized to enter into contracts and agreements for the payment of food, lodging, and meeting facility and beverage expenses as may be necessary for seminars and receptions relating to familiarization tours and tourism development. The expenses may be paid directly to the contracting agency or business establishment. The Executive

Director of Oklahoma Tourism and Recreation Department shall provide a monthly report of any such expenditures to the Oklahoma Tourism and Recreation Commission.

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

L. 1. The Oklahoma Highway Safety Office of the Department of Public Safety is hereby authorized to enter into contracts and agreements for the payment of food, lodging, and other authorized expenses as may be necessary, to host, conduct, sponsor, or participate in highway-safety-related conferences, workshops, seminars, meetings, or training sessions. The payments shall be for all persons in attendance, including, but not limited to, employees of political subdivisions or employees of the state or federal government. For purposes specified in this paragraph, only federal highway safety funds may be used in accordance with federal guidelines and regulations, and no appropriated state funds shall be used.

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

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

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

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

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

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

SECTION 35. This act shall become effective July 1, 2007.

SECTION 36. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 3rd day of May, 2007.

_____

Presiding Officer of the House of Representatives

Passed the Senate the 25th day of April, 2007.

_____

Presiding Officer of the Senate