

ESB 1428

THE HOUSE OF REPRESENTATIVES
Wednesday, April 9, 2008

ENGROSSED
Senate Bill No. 1428
As Amended

ENGROSSED SENATE BILL NO. 1428 - By: SPARKS of the Senate and PETERSON (RON) of the House.

[insurance - service warranty association - written guarantee - codification -
effective date]

1 SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 6640 of Title 36, unless there is created a duplication in numbering,
3 reads as follows:

4 In order to include receivables from affiliated companies as assets as defined
5 pursuant to subparagraph a of paragraph 8 and paragraph 10 of Section 6602 of Title 36
6 of the Oklahoma Statutes, the service warranty association shall provide a written
7 guarantee to assure repayment of all receivables, loans, and advances from affiliated
8 companies. The written guarantee must be made by a guaranteeing organization which:

- 9 1. Has been in continuous operation for ten (10) years or more and has net assets in
10 excess of Fifty Million Dollars (\$50,000,000.00);
11 2. Submits a guarantee that is approved by the Insurance Commissioner as
12 meeting the requirements of this section. The written guarantee shall contain a

1 provision which requires that the guarantee be irrevocable unless the guaranteeing
2 organization can demonstrate to the Commissioner that the cancellation of the guarantee
3 shall not result in the net assets of the service warranty association falling below its
4 minimum net asset requirement and the Commissioner approves cancellation of the
5 guarantee;

6 3. Initially submits a statement from the certified public accountant of the
7 guaranteeing agency attesting that the net assets of the guaranteeing company meet or
8 exceed the net assets requirement as provided in paragraph 1 of this section; and

9 4. Submits annually, within three (3) months after the end of its fiscal year, a
10 statement from the certified public accountant of the guaranteeing agency attesting that
11 the net assets of the guaranteeing company meet or exceed the net assets requirement as
12 provided in paragraph 1 of this section.

13 SECTION 2. This act shall become effective November 1, 2008.

14 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND
15 FINANCIAL SERVICES, dated 04-08-08 - DO PASS, As Amended.