

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 1958

By: Peterson (Ron)

4
5
6 AS INTRODUCED

7 An Act relating to insurance; amending 36 O.S. 2001,
8 Section 982, as amended by Section 13, Chapter 519,
9 O.S.L. 2004 (36 O.S. Supp. 2006, Section 982), which
10 relates to the Property and Casualty Competitive Loss
11 Cost Rating Act; updating statutory references;
12 amending 36 O.S. 2001, Section 987, as last amended
13 by Section 7, Chapter 129, O.S.L. 2005 (36 O.S. Supp.
14 2006, Section 987), which relates to rate filings;
15 placing certain burden of proof on insurer or filer;
16 amending 36 O.S. 2001, Section 992, as amended by
17 Section 9, Chapter 129, O.S.L. 2005 (36 O.S. Supp.
18 2006, Section 992), which relates to prohibited
19 activity; removing references to advisory
20 organization; amending 36 O.S. 2001, Section 995,
21 which relates to joint underwriting and reinsurance;
22 updating statutory reference; amending 36 O.S. 2001,
23 Sections 996 and 998, which relate to competitive
24 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 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;
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
insurance producer licensing; modifying licensing
requirements; amending 36 O.S. 2001, Section 1435.13,

1 as amended by Section 9, Chapter 274, O.S.L. 2004 (36
2 O.S. Supp. 2006, Section 1435.13), which relates to
3 licensee discipline; making certain information
4 confidential; amending 36 O.S. 2001, Section 1435.15,
5 as amended by Section 17, Chapter 307, O.S.L. 2002
6 (36 O.S. Supp. 2006, Section 1435.15), which relates
7 to agent appointments; modifying certain notification
8 deadline; amending 36 O.S. 2001, Section 1435.29, as
9 last amended by Section 5, Chapter 150, O.S.L. 2003
10 (36 O.S. Supp. 2006, Section 1435.29), which relates
11 to continuing education; modifying approval process;
12 providing for certain fees; amending 36 O.S. 2001,
13 Section 3639, as last amended by Section 60, Chapter
14 264, O.S.L. 2006 (36 O.S. Supp. 2006, Section 3639),
15 which relates to insurance policies; expanding scope
16 of applicability; amending 36 O.S. 2001, Section
17 1616, as last amended by Section 2, Chapter 425,
18 O.S.L. 2005 (36 O.S. Supp. 2006, Section 1616), which
19 relates to insurance company investments; modifying
20 investment authorization; amending 36 O.S. 2001,
21 Section 1622, as amended by Section 49, Chapter 264,
22 O.S.L. 2006 (36 O.S. Supp. 2006, Section 1622), which
23 relates to mortgages; placing limits on mortgage
24 loans; amending 36 O.S. 2001, Section 1652, which
relates to subsidiaries of an insurer; allowing
investment in subsidiary; amending 36 O.S. 2001,
Section 6130, which relates to misappropriating
funeral trust funds; modifying penalty; 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.

1 2001, Section 6521, which relates to risk-assuming
2 carriers; eliminating public comment period; amending
3 36 O.S. 2001, Section 6602, as last amended by
4 Section 1, Chapter 169, O.S.L. 2004 (36 O.S. Supp.
5 2006, Section 6602), which relates to the Service
6 Warranty Insurance Act; modifying definition;
7 amending Section 22, Chapter 390, O.S.L. 2003, as
8 amended by Section 18, Chapter 129, O.S.L. 2005 (36
9 O.S. Supp. 2006, Section 6821), which relates to
10 medical professional liability; modifying
11 notification requirements; amending 74 O.S. 2001,
12 Section 500.2, as last amended by Section 82, Chapter
13 16, O.S.L. 2006 (74 O.S. Supp. 2006, Section 500.2),
14 which relates to reimbursement of expenses for state
15 officials; authorizing the Insurance Commissioner to
16 enter into certain contracts and agreements;
17 providing for codification; and providing an
18 effective date.

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

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

23 Section 982. Definitions.

24 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;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 24. "Supporting information" means the experience and judgment
24 of the filer and the experience or data of other insurers or

1 advisory organizations relied upon by the filer, the interpretation
2 of any other data relied upon by the filer, descriptions of methods
3 used in making the rates and any other information required by the
4 Commissioner to be filed; and

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

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

12 Section 987. Rate Filings.

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

19 B. In a noncompetitive market, every insurer shall file with
20 the Commissioner all rates, supplementary rate information and
21 supporting information at least thirty (30) days before the proposed
22 effective date. The Commissioner may give written notice, within
23 thirty (30) days of receipt of the filing, that the Commissioner
24 needs additional time, not to exceed thirty (30) days from the date

1 of the notice to consider the filing. Upon written application of
2 the insurer, the Commissioner may authorize rates to be effective
3 before the expiration of the waiting period or an extension thereof.
4 A filing shall be deemed to meet the requirements of the Property
5 and Casualty Competitive Loss Cost Rating Act and to become
6 effective unless disapproved pursuant to ~~Section 988~~ of this title
7 by the Commissioner before the expiration of the waiting period or
8 an extension thereof.

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

14 C. Every authorized insurer shall file with the Commissioner,
15 except as to rates for those lines of insurance exempted from the
16 provisions of the Property and Casualty Competitive Loss Cost Rating
17 Act by the Commissioner under subsections E and F of this section
18 and except for those risks designated as special risks under Section
19 997 of this title, all rates, supplementary rate information and any
20 changes and amendments which it proposes to use. An insurer may
21 file its rates by either filing its final rates or by filing a
22 multiplier and, if applicable, an expense constant adjustment to be
23 applied to prospective loss costs that have been filed by an
24 advisory organization as permitted by ~~Section 993~~ of this title.

1 Such loss cost multiplier filing and expense constant filings made
2 by insurers shall remain in effect until amended or withdrawn by the
3 insurer. Every filing shall state the effective date.

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

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

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

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

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1 Section 992. Insurers and Advisory Organization; Prohibited
2 Activity.

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

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

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

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

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

22 C. Two or more insurers having a common ownership or operating
23 in this state under common management or control may act in concert
24 between or among themselves with respect to any matters pertaining

1 to those activities authorized in the Property and Casualty
2 Competitive Loss Cost Rating Act as if they constituted a single
3 insurer.

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

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

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

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

15 B. Notwithstanding paragraph 3 of subsection A of Section ~~12~~
16 ~~992~~ of this ~~act~~ title, insurers participating in joint underwriting,
17 joint reinsurance pools or residual market mechanisms may in
18 connection with such activity act in cooperation with each other in
19 the making of rates, rating systems, policy forms, underwriting
20 rules, surveys, inspections and investigations, the furnishing of
21 loss and expense statistics or other information, or carrying on
22 research. Joint underwriting, joint reinsurance pools and residual
23 market mechanisms shall not be deemed an advisory organization.

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

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

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

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

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

3 Section 996. Assigned Risks.

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

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

16 Section 998. Appeals from Commissioner.

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

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

1 SECTION 7. AMENDATORY Section 24, Chapter 519, O.S.L.
2 2004 (36 O.S. Supp. 2006, Section 1001), is amended to read as
3 follows:

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

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

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

14 SECTION 9. AMENDATORY 36 O.S. 2001, Section 1219.4, as
15 last amended by Section 1, Chapter 425, O.S.L. 2005 (36 O.S. Supp.
16 2006, Section 1219.4), is amended to read as follows:

17 Section 1219.4 A. As used in this section:

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

23 2. "Discount card" means a card or any other purchasing
24 mechanism or device, which is not insurance, that purports to offer

1 discounts or access to discounts in health-related purchases from
2 health care providers;

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

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

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

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

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

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

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

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

21 B. 1. Before doing business in this state as a discount
22 medical plan organization, an entity shall be a corporation, limited
23 liability corporation, partnership, limited liability partnership or
24 other legal entity, organized under the laws of this state or, if a

1 foreign entity, authorized to transact business in this state, and
2 shall be registered as a discount medical plan organization with the
3 Insurance Department of the State of Oklahoma or be licensed by the
4 Insurance Department of the State of Oklahoma as a licensed
5 insurance company, licensed HMO, licensed group health service
6 organization or motor service club.

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

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

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

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

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

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

19 a. otherwise is entitled to be registered,

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

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

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

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

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

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

13 d. has violated any provisions of this section.

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

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

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

22 10. a. Nothing in this subsection shall apply to an affiliate
23 of a licensed insurance company, HMO, group health
24 service organization or motor service club, provided

1 that the affiliate registers with and maintains
2 registration in good standing with the Insurance
3 Department of the State of Oklahoma in accordance with
4 subparagraphs b and c of this paragraph.

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

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

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

23 C. 1. The Department may examine or investigate the business
24 and affairs of any discount medical plan organization. The

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

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

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

20 2. If the member cancels the membership within the first thirty
21 (30) days after receipt of the discount card and other membership
22 materials, the member shall receive a reimbursement of all periodic
23 charges paid. The return of all periodic charges shall be made
24 within thirty (30) days of the date of the cancellation. If all of

1 the periodic charges have not been paid within thirty (30) days,
2 interest shall be assessed and paid on the proceeds at a rate of the
3 Treasury Bill rate of the preceding calendar year, plus two (2)
4 percentage points.

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

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

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

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

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

23 c. pay providers any fees for medical services.
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1 2. A discount medical plan organization may not collect or
2 accept money from a member for payment to a provider for specific
3 medical services furnished or to be furnished to the member unless
4 the organization has an active license from the Insurance Department
5 of the State of Oklahoma to act as an administrator.

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

- 11 a. that the plan is not insurance,
- 12 b. that the plan provides discounts with certain health
13 care providers for medical services,
- 14 c. that the plan does not make payments directly to the
15 providers of medical services,
- 16 d. that the plan member is obligated to pay for all
17 health care services but will receive a discount from
18 those health care providers who have contracted with
19 the discount plan organization, and
- 20 e. the name and the location of the registered discount
21 medical plan organization, including the current
22 telephone number of the registered discount medical
23 plan organization or other entity responsible for

24

1 customer service for the plan, if different from the
2 registered discount medical plan organization.

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

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

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

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

- 19 a. a description of the services and products to be
20 provided at a discount,
21 b. the amount or amounts of the discounts or,
22 alternatively, a fee schedule which reflects the
23 health care provider's discounted rates, and
24

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

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

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

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

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

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

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

22 2. All forms used, including the written agreement pursuant to
23 the provisions of paragraph 2 of this subsection, shall first be
24 filed with the Department. Every form filed shall be identified by

1 a unique form number placed in the lower left corner of each form.
2 A filing fee of Twenty-five Dollars (\$25.00) per form shall be
3 payable to the Insurance Department of the State of Oklahoma for
4 deposit into the General Revenue Fund.

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

9 2. The Insurance Department of the State of Oklahoma may not
10 allow a registration unless the discount medical plan organization
11 has a net worth of at least One Hundred Fifty Thousand Dollars
12 (\$150,000.00).

13 J. 1. The Insurance Department of the State of Oklahoma may
14 suspend the authority of a discount medical plan organization to
15 enroll new members, revoke any registration issued to a discount
16 medical plan organization, or order compliance if the Department
17 finds that any of the following conditions exist:

- 18 a. the organization is not operating in compliance with
19 the provisions of this section,
- 20 b. the organization does not have the minimum net worth
21 as required by this section,
- 22 c. the organization has advertised, merchandised or
23 attempted to merchandise its services in such a manner
24 as to misrepresent its services or capacity for

1 service or has engaged in deceptive, misleading or
2 unfair practices with respect to advertising or
3 merchandising,

4 d. the organization is not fulfilling its obligations as
5 a discount medical plan organization, or

6 e. the continued operation of the organization would be
7 hazardous to its members.

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

15 3. When the registration of a discount medical plan
16 organization is surrendered or revoked, such organization shall
17 proceed, immediately following the effective date of the order of
18 revocation, to wind up its affairs transacted under the
19 registration. The organization may not engage in any further
20 advertising, solicitation, collecting of fees, or renewal of
21 contracts.

22 4. The Insurance Department of the State of Oklahoma shall, in
23 its order suspending the authority of a discount medical plan
24 organization to enroll new members, specify the period during which

1 the suspension is to be in effect and the conditions, if any, which
2 shall be met by the discount medical plan organization prior to
3 reinstatement of its registration to enroll new members. The order
4 of suspension is subject to rescission or modification by further
5 order of the Department prior to the expiration of the suspension
6 period. Reinstatement may not be made unless requested by the
7 discount medical plan organization; however, the Department may not
8 grant reinstatement if it finds that the circumstances for which the
9 suspension occurred still exist or are likely to reoccur.

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

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

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

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

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

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

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

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

22 Q. 1. A person who knowingly and wilfully operates as or aids
23 and abets another operating as a discount medical plan organization
24 in violation of subsection B of this section commits a felony,

1 punishable as provided for in Oklahoma law, as if the discount
2 medical plan organization were an unauthorized insurer, and the
3 fees, dues, charges, or other consideration collected from the
4 members by the discount medical plan organization or marketer were
5 insurance premium.

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

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

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

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

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

22 S. 1. The provisions of this section apply to the activities
23 of a discount medical plan organization that is not registered
24

1 pursuant to this section as if the discount medical plan
2 organization were an unauthorized insurer.

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

12 SECTION 10. AMENDATORY 36 O.S. 2001, Section 1452, as
13 amended by Section 22, Chapter 307, O.S.L. 2002 (36 O.S. Supp. 2006,
14 Section 1452), is amended to read as follows:

15 Section 1452. On or before June 1 of each year, all licensed
16 administrators shall file an annual report for the previous calendar
17 year prepared by a certified public accountant, independent of the
18 administrator, and which shall be subscribed and sworn to by the
19 president and attested to by the secretary or other proper officers
20 substantiating that the information contained in the report is true
21 and factual concerning each of the plans they administer which are
22 governed pursuant to the provisions of the Third-party Administrator
23 Act. The report shall include the name and address of each fund and
24 a statement of fund equity, paid claims by the covered unit, the

1 accumulated year-to-date paid claims, and the year-to-date reserve
2 status. Failure of any third-party administrator to execute and
3 file such annual reports as required by this section shall
4 constitute cause, after notice and opportunity for hearing, for
5 censure, suspension, or revocation of administrator licensure to
6 transact business in this state, or a civil penalty of not less than
7 One Hundred Dollars (\$100.00) or more than One Thousand Dollars
8 (\$1,000.00) for each occurrence, or both censure, suspension, or
9 revocation and civil penalty.

10 SECTION 11. AMENDATORY 36 O.S. 2001, Section 1435.7, as
11 last amended by Section 3, Chapter 150, O.S.L. 2003 (36 O.S. Supp.
12 2006, Section 1435.7), is amended to read as follows:

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

- 22 1. Is at least eighteen (18) years of age;
- 23 2. Has not committed any act that is a ground for denial,
24 suspension or revocation set forth in Section 1435.13 of this title;

1 3. Where required by the Insurance Commissioner, has completed
2 a prelicensing course of study for the lines of authority for which
3 the person has applied;

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

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

8 ~~B. In connection with the licensure of an applicant for a
9 resident insurance producer license, the applicant shall submit
10 either a letter from the appointing insurer verifying acceptance of
11 responsibility for the actions of the applicant in the scope of that
12 person's appointment, or submit and maintain an errors and omissions
13 policy acceptable to the Commissioner, or, if errors and omissions
14 coverage is provided by the insurer for agents by utilizing a
15 blanket errors and omissions policy for coverage, a copy of the
16 policy providing the errors and omissions coverage shall be on file
17 with the Commissioner. The insurer providing coverage shall
18 maintain an accurate list of all agents covered by such policy.~~

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

1 1. The business entity has paid the fees set forth in Section
2 1435.23 of this title;

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

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

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

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

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

21 ~~E.~~ D. An applicant for any license required by the provisions
22 of the Oklahoma Producer Licensing Act shall demonstrate to the
23 Insurance Commissioner that the applicant is competent, trustworthy,
24

1 financially responsible, and of good personal and business
2 reputation.

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

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

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

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

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

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

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

- 1 5. Intentionally misrepresenting the terms of an actual or
2 proposed insurance contract or application for insurance;
- 3 6. Having been convicted of a felony;
- 4 7. Having admitted or been found to have committed any
5 insurance unfair trade practice or fraud;
- 6 8. Using fraudulent, coercive, or dishonest practices, or
7 demonstrating incompetence, untrustworthiness or financial
8 irresponsibility in the conduct of business in this state or
9 elsewhere;
- 10 9. Having an insurance producer license, or its equivalent,
11 denied, suspended, censured, placed on probation or revoked in any
12 other state, province, district or territory;
- 13 10. Forging another's name to an application for insurance or
14 to any document related to an insurance transaction;
- 15 11. Improperly using notes or any other reference material to
16 complete an examination for an insurance license;
- 17 12. Knowingly accepting insurance business from an individual
18 who is not licensed;
- 19 13. Failing to comply with an administrative or court order
20 imposing a child support obligation; or
- 21 14. Failing to pay state income tax or comply with any
22 administrative or court order directing payment of state income tax.
- 23 B. In the event that the action by the Insurance Commissioner
24 is to nonrenew or to deny an application for a license, the

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

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

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

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

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

20 G. Files pertaining to investigations or legal matters which
21 contain information concerning a current and ongoing investigation
22 of allegations of violations of the Oklahoma Insurance Code by a
23 licensed agent shall not be available for public inspection without
24 proper judicial authorization; however, a licensee under

1 investigation for alleged violations of the Oklahoma Insurance Code,
2 or against whom an action for alleged violations of the Oklahoma
3 Insurance Code has been commenced, may view evidence and complaints
4 pertaining to the investigation, other than privileged information,
5 at reasonable times at the Commissioner's office. All qualification
6 examination materials, booklets and answers for any license
7 authorized to be issued by the Commissioner under any statute shall
8 not be available for public inspection. The residence address,
9 residence telephone number, birth date, and social security number
10 of a licensee shall not be available for public inspection. A
11 separate business or mailing address provided by the licensee shall
12 be considered a public record. If the residence and business
13 addresses or residence and business telephone numbers are the same,
14 such addresses or telephone numbers shall be considered a public
15 record.

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

20 I. Upon suspension, revocation or termination of the license of
21 a resident or nonresident of this state, the Commissioner shall
22 notify the Central Office of the National Association of Insurance
23 Commissioners, or its appropriate nonprofit affiliates and the
24

1 Insurance Commissioner of each state for whom the Commissioner has
2 executed a certificate of licensure status.

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

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

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

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

19 B. To appoint a producer as its agent, the appointing insurer,
20 or an authorized representative of the insurer, shall file, in a
21 format approved by the Insurance Commissioner, a notice of
22 appointment within ~~forty five (45)~~ fifteen (15) days from the date
23 the agency contract is executed or the first insurance application
24 is submitted. For purposes of this section, an "authorized

1 representative of the insurer" means a person or entity licensed by
2 the Insurance Commissioner pursuant to the laws of this state who is
3 authorized in writing by the appointing insurer to file appointments
4 for the appointing insurer. A copy of said written authorization
5 shall accompany each notice of appointment filed by an authorized
6 representative of the insurer. An insurer or authorized
7 representative of an insurer may also elect to appoint a producer to
8 all or some insurers within the insurer's holding company system or
9 group by the filing of a single appointment request.

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

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

22 E. It shall be unlawful for any insurer to discriminate among
23 or between the insurance producers it has appointed. Any person or
24 company convicted of violating the provisions of this section shall

1 be guilty of a misdemeanor and shall be punished by the imposition
2 of a fine of not more than Five Hundred Dollars (\$500.00) or
3 imprisonment in the county jail for not less than six (6) months nor
4 more than one (1) year, or be punished by both said fine and
5 imprisonment.

6 SECTION 14. AMENDATORY 36 O.S. 2001, Section 1435.29, as
7 last amended by Section 5, Chapter 150, O.S.L. 2003 (36 O.S. Supp.
8 2006, Section 1435.29), is amended to read as follows:

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

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

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

21 B. 1. The Insurance Commissioner shall approve courses and
22 providers of continuing education. The Insurance Department may use
23 one or more of the following to review and provide a nonbinding
24

1 recommendation to the Insurance Commissioner on approval or
2 disapproval of courses and providers of continuing education:

- 3 a. employees of the Insurance Commissioner,
- 4 b. a continuing education advisory committee, or
- 5 c. an independent service whose normal business
6 activities include the review and approval of
7 continuing education courses and providers. The
8 Commissioner may negotiate agreements with such
9 independent service to review documents and other
10 materials submitted for approval of courses and
11 providers and provide the Commissioner with its
12 nonbinding recommendation. The Commissioner may
13 require such independent service to collect the fee
14 charged by the independent service for reviewing
15 materials provided for review directly from the course
16 providers.

17 The Insurance Commissioner has sole authority to approve courses
18 and providers of continuing education. If the Insurance
19 Commissioner uses one of the entities listed above to provide a
20 nonbinding recommendation, the Commissioner shall adopt or decline
21 to adopt the recommendation within thirty (30) days of receipt of
22 the recommendation. In the event the Insurance Commissioner takes
23 no action within said thirty-day period, the recommendation made to
24

1 the Commissioner will be deemed to have been adopted by the
2 Commissioner.

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

8 3. ~~An~~ The Insurance Commissioner shall have sole authority to
9 determine programs leading to professional designations and
10 professional associations for which an insurance producer who,
11 during the time period prior to renewal, successfully completes ~~any~~
12 ~~one of the following~~ courses or programs of instruction and
13 equivalent classroom hours as approved by the Insurance Commissioner
14 shall be deemed to have met the biennial requirement for continuing
15 education provided that:

- 16 a. ~~any part of a life course curriculum totaling fifty~~
17 ~~(50) classroom hours, or a health course totaling~~
18 ~~twenty six (26) classroom hours offered by the Life~~
19 ~~Underwriter Training Council~~ course curriculum for
20 programs leading to professional designation and
21 continuing education requirements to maintain the
22 designation total a minimum of twenty (20) hours,
- 23 b. ~~any part of the American College diploma curriculum~~
24 ~~for Chartered Life Underwriters (CLU), Registered~~

1 ~~Health Underwriters (RHU), Chartered Financial~~
2 ~~Consultants (ChFC), or Registered Employee Benefits~~
3 ~~Consultants (REBC), totaling thirty (30) classroom~~
4 ~~hours~~ professional associations offer programs that
5 meet all requirements for continuing education,

6 c. ~~any part of the Accredited Advisor in Insurance (AAI)~~
7 ~~program totaling twenty five (25) classroom hours~~
8 ~~offered by the Insurance Institute of America~~ each
9 approved professional designation program and
10 professional association included in this section
11 shall be reviewed for quality and compliance every
12 three (3) years in accordance with standardized
13 criteria promulgated and published by the Department.
14 Continuation of approved status is contingent upon the
15 findings of the review, and

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

21 e. ~~any part of the Certified Insurance Counselor Program~~
22 ~~totaling twenty (20) classroom hours~~ the list of
23 professional designation programs and professional
24

1 associations approved under this section must be made
2 available to agents/providers annually.

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

11 5. The active service of a licensed producer as a member of a
12 continuing education advisory committee under subparagraph b of
13 paragraph 1 of this subsection shall be deemed to have met the
14 biennial requirements for continuing education.

15 C. Each approved provider of continuing education shall, after
16 approval by the Commissioner, submit an annual fee of Two Hundred
17 Dollars (\$200.00) payable to the Insurance Commissioner which shall
18 be deposited in the State Insurance Commissioner Revolving Fund,
19 created in subsection C of Section 1435.23 of this title, for the
20 purposes of fulfilling and accomplishing the conditions and purposes
21 of the Oklahoma Producer Licensing Act and the Insurance Adjusters
22 Licensing Act. Provided, public-funded educational institutions,
23 United States agencies and State of Oklahoma agencies shall be
24 exempt from this subsection.

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

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

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

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

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

22 SECTION 15. AMENDATORY 36 O.S. 2001, Section 3639, as
23 last amended by Section 60, Chapter 264, O.S.L. 2006 (36 O.S. Supp.
24 2006, Section 3639), is amended to read as follows:

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

5 B. As used in this section:

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

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

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

20 4. "Expiration date" means the date upon which coverage under a
21 policy ends. It also means, for a policy written for a term longer
22 than one (1) year or with no fixed expiration date, each annual
23 anniversary date of such policy; and
24

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

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

10 1. Nonpayment of premium;

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

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

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

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

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

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

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

8 D. An insurer may refuse to renew a policy if the insurer gives
9 to the first-named insured at the address shown on the policy
10 written notice that the insurer will not renew the policy. Such
11 notice shall be given at least forty-five (45) days before the
12 expiration date. If notice is given by mail, said notice shall be
13 deemed to have been given on the day said notice is mailed. If the
14 notice is mailed less than forty-five (45) days before expiration,
15 coverage shall remain in effect until forty-five (45) days after
16 notice is mailed. Earned premium for any period of coverage that
17 extends beyond the expiration date shall be considered pro rata
18 based upon the previous year's rate. For purposes of this section,
19 the transfer of a policyholder between companies within the same
20 insurance group is not a refusal to renew. In addition, changing
21 deductibles, changes in premium, changes in the amount of insurance,
22 or reductions in policy limits or coverage are not refusals to
23 renew.

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

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

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

1 This subsection shall not apply to:

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

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

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

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

14 SECTION 16. AMENDATORY 36 O.S. 2001, Section 1616, as
15 last amended by Section 2, Chapter 425, O.S.L. 2005 (36 O.S. Supp.
16 2006, Section 1616), is amended to read as follows:

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

1 ~~B.~~ Except with the consent of the Insurance Commissioner, no
2 domestic life insurer shall, in addition to other investments
3 permitted by this article, invest an amount equal in the aggregate
4 to more than ten percent (10%) of its assets, or in the case of a
5 domestic nonlife insurer, an amount equal in the aggregate to more
6 than twenty percent (20%) of its assets in the shares of solvent
7 corporations created or existing under the laws of the United States
8 or of any state, ~~including the shares of a substantially owned or~~
9 ~~wholly owned subsidiary corporation.~~ Investing in the shares of
10 mutual funds that invest only in bonds or preferred stocks shall be
11 considered as investing in bonds or preferred stocks, and investing
12 in mutual funds that invest in common stocks shall be considered as
13 investing in common stocks. However, investments in the shares of
14 subsidiaries or companion insurance companies shall be governed by
15 ~~paragraph A~~ Section 1652 of this ~~section~~ title.

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

21 SECTION 17. AMENDATORY 36 O.S. 2001, Section 1622, as
22 amended by Section 49, Chapter 264, O.S.L. 2006 (36 O.S. Supp. 2006,
23 Section 1622), is amended to read as follows:

24

1 Section 1622. A. An insurer may invest any of its funds in
2 bonds, notes or other evidences of indebtedness which are secured by
3 first mortgages or deeds of trust upon improved, unencumbered real
4 property located in the United States, or which are secured by first
5 mortgages or deeds of trust upon leasehold estates having an expired
6 term of not less than twenty-one (21) years, inclusive of the term
7 which may be provided by an enforceable option of renewal, in
8 improved, unencumbered real property located in the United States.

9 B. Real property shall not be deemed to be encumbered within
10 the meaning of this section by reason of the existence of
11 instruments reserving mineral, oil or timber rights, rights-of-way,
12 sewer rights, rights in walls, nor by reason of any liens for taxes
13 or assessments not delinquent, nor by reason of building
14 restrictions or other restrictive covenants, nor when such real
15 property is subject to lease under which rents or profits are
16 reserved to the owner, if in any event the security for such loan
17 is a first lien upon such real property and if there is no
18 condition or right of reentry or forfeiture under which, in the
19 case of real property other than leaseholds, such lien can be cut
20 off, subordinated, or otherwise disturbed or under which, in the
21 case of leaseholds, the insurer is unable to continue the lease in
22 force for the duration of the loan.

23 C. No such mortgage loan or loans made or acquired by an
24 insurer on any one property shall, at the time of investment by the

1 insurer, exceed eighty percent (80%) of the value, or if the loan
2 is for purchase money, the lesser of eighty percent (80%) of the
3 value or purchase price of the real property or leasehold securing
4 the same, except that such loan or loans may equal the amount of
5 any guaranty by the United States of America or by any agency or
6 instrumentality of the United States of America or by any private
7 insurance company licensed as an authorized insurer by the
8 Insurance Department of the State of Oklahoma to write mortgage
9 insurance. Additionally, no single mortgage loan to any individual
10 shall exceed four percent (4%) of the company's admitted assets,
11 with no more than twenty-five percent (25%) of the company's
12 admitted assets invested in total aggregate amount in mortgage
13 loans. The calculation of admitted assets is based on the
14 insurer's annual statement as of December 31 last preceding the
15 date of investment, or as shown by a current financial statement on
16 file with the Commissioner.

17 Mortgage loans made or acquired by an insurer prior to December
18 31, 1992, shall be in compliance with the limitation provided in
19 this subsection for total aggregate investment of admitted assets
20 in mortgage loans by December 31, 1997. Mortgage loans made or
21 acquired by an insurer on or after December 31, 1992, but prior to
22 September 1, 1993, shall be in compliance with the limitations for
23 investment of admitted assets in single mortgage loans to
24 individuals and total aggregate investments of admitted assets in

1 mortgage loans provided in this subsection by December 31, 1997.
2 Insurers shall maintain accurate and adequate records reflecting
3 the provisions of this section and submit such records with
4 quarterly and annual statements.

5 D. No such mortgage loan or loans shall be made or acquired by
6 an insurer except after an appraisal made by a qualified appraiser
7 for the purpose of such investment. No change or modification
8 shall be made to such appraisal by any mortgage underwriter unless
9 such person is licensed or certified as an appraiser pursuant to
10 the Oklahoma Certified Real Estate Appraisers Act or unless such
11 person has been provided by the person who made the appraisal
12 written consent to make the modification. Such modification shall
13 be disclosed to the seller and buyer and/or the seller's agent.

14 E. No such mortgage loan or loans made or acquired by an
15 insurer after July 1, 2006, shall be made or acquired by an insurer
16 unless the mortgages or mortgage loans are upon improved,
17 unencumbered real property permitted as an investment pursuant to
18 Section 1624 of this title.

19 F. No such mortgage loan or loans made or acquired by an
20 insurer after July 1, 2007, shall exceed:

21 1. One quarter of one percent (.25%) of its admitted assets in
22 constructions loans covering any one secured location; or

23 2. Two percent (2%) of its admitted assets in construction
24 loans in the aggregate.

1 G. An insurer shall not acquire or hold under Section 1614 of
2 this title any investments that are secured in whole or in part by
3 construction or development loans.

4 H. No mortgage loan upon a leasehold shall be made or acquired
5 pursuant to this section unless the terms thereof shall provide for
6 amortization payments to be made by the borrower on the principal
7 thereof at least once in each year in amounts sufficient completely
8 to amortize the loan within a period of four-fifths (4/5) of the
9 term of the leasehold, inclusive of the term which may be provided
10 by an enforceable option of renewal, which is unexpired at the time
11 the loan is made, but in no event exceeding thirty-five (35) years.

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

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

20 B. Any domestic insurer, in addition to other investments
21 permitted by this article, may invest in common stock, preferred
22 stock, debt obligations, and other securities of one or more
23 subsidiaries in amounts which do not exceed the lesser of ten
24 percent (10%) of the assets of the insurer or fifty percent (50%) of

1 the surplus of the insurer in regard to policyholders except
2 instances where a greater investment has been approved by the
3 Commissioner. However, investments by domestic insurers in
4 insurance subsidiaries shall not be limited by this subsection.

5 SECTION 19. AMENDATORY 36 O.S. 2001, Section 6130, is
6 amended to read as follows:

7 Section 6130. A. Any officer, director, agent, or employee of
8 any organization subject to the terms of Sections 6121 through 6136
9 of this title who makes or attempts to make any contract in
10 violation of the provisions of Sections 6121 through 6136 of this
11 title, or who refuses to allow an inspection of the records of said
12 organization, or who violates any other provision of Sections 6121
13 through 6136 of this title, upon conviction, shall be ~~punished by a~~
14 ~~fine of not less than One Hundred Dollars (\$100.00) and not more~~
15 ~~than Five Hundred Dollars (\$500.00) or by imprisonment in the county~~
16 ~~jail for not less than one (1) month and not more than six (6)~~
17 ~~months, or by both such fine and imprisonment~~ guilty of a felony and
18 shall be punished by imprisonment in the State Penitentiary for a
19 term of not more than ten (10) years, and a fine not exceeding Ten
20 Thousand Dollars (\$10,000.00), and ordered to pay restitution to the
21 victim. Each violation of any provision of Sections 6121 through
22 6136 of this title shall be deemed a separate offense and prosecuted
23 individually.

24

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

13 SECTION 20. AMENDATORY 36 O.S. 2001, Section 6205, is
14 amended to read as follows:

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

22 B. ~~Application for a license as a nonresident adjuster shall be~~
23 ~~made to the Commissioner upon forms prescribed and furnished by the~~
24 ~~Commissioner. This license shall be issued to an applicant only if~~

1 ~~the state in which the applicant resides will accord the same~~
2 ~~privilege to a resident adjuster of this state. The Commissioner is~~
3 ~~authorized to enter into reciprocal agreements with the appropriate~~
4 ~~official of any state requiring a nonresident applicant for license~~
5 ~~as an adjuster to take an examination. Any such reciprocal~~
6 ~~agreement shall provide that:~~

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

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

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

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

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

22 1. The applicant has passed an examination in the applicant's
23 resident state;

24

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

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

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

7 C. If a nonresident applicant resides in a state that does not
8 license or require an examination for an adjuster license, the
9 applicant shall pass an examination in this state prior to receiving
10 a nonresident adjuster license.

11 SECTION 21. AMENDATORY 36 O.S. 2001, Section 6206, is
12 amended to read as follows:

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

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

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

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

1 4. Is a trustworthy person;

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

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

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

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

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

23 SECTION 22. AMENDATORY 36 O.S. 2001, Section 6208, is
24 amended to read as follows:

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

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

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

10 2. ~~An applicant who is licensed as an adjuster, as defined by~~
11 ~~the provisions of the Insurance Adjusters Licensing Act, in another~~
12 ~~state with which state a reciprocal agreement has been executed by~~
13 ~~the Commissioner~~ A nonresident applicant who has passed an
14 examination in the resident state of the applicant and who is
15 currently licensed and in good standing in the state of residence;

16 or

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

23 4. An applicant for a resident license who has passed an
24 examination in a former resident state and who is licensed and in

1 good standing in the former resident state at the time the
2 application is submitted. The applicant shall make application to
3 become a resident adjuster within ninety (90) days after
4 establishing legal residence in Oklahoma.

5 SECTION 23. AMENDATORY 36 O.S. 2001, Section 6210, is
6 amended to read as follows:

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

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

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

22 SECTION 24. AMENDATORY 36 O.S. 2001, Section 6215, is
23 amended to read as follows:

24

1 Section 6215. Every licensed adjuster residing in this state
2 shall have and maintain in this state a place of business accessible
3 to the public. Said place of business shall be located where the
4 adjuster principally conducts transactions in accordance with his or
5 her license. ~~The mailing address shall appear on all licenses of~~
6 ~~the licensee, and the licensee shall promptly notify the Insurance~~
7 ~~Commissioner within ten (10) days of any change in the mailing,~~
8 ~~business or residence address of the licensee.~~

9 SECTION 25. AMENDATORY 36 O.S. 2001, Section 6217, is
10 amended to read as follows:

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

14 B. Any licensee applying for renewal of a license as an
15 adjuster ~~from January 1, 2000, through January 1, 2001, shall have~~
16 ~~completed not less than six (6) clock hours of continuing insurance~~
17 ~~education within the previous eighteen (18) months prior to renewal~~
18 ~~of the license. Beginning January 1, 2001, and each year~~
19 ~~thereafter, any licensee applying for renewal of a license as an~~
20 ~~adjuster~~ shall have completed not less than twelve (12) clock hours
21 of continuing insurance education within the previous twenty-four
22 (24) months prior to renewal of the license. Such continuing
23 education shall cover subjects in the classes of insurance for which
24

1 the adjuster is licensed. Such continuing education shall not
2 include a written or oral examination.

3 C. The Insurance Commissioner shall approve courses and
4 providers of continuing education for insurance adjusters as
5 required by this section. The Insurance Department may use one or
6 more of the following to review and provide a nonbinding
7 recommendation to the Insurance Commissioner on approval or
8 disapproval of courses and providers of continuing education:

9 1. Employees of the Insurance Commissioner;

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

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

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

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

7 D. For company or staff adjusters the Insurance Commissioner
8 shall approve courses provided by the insurer employing the company
9 or staff adjusters, including training related to the insurance
10 contracts issued by the company employing the company or staff
11 adjusters. ~~Provided, a licensee who, during the allotted time prior~~
12 ~~to renewal, successfully completes any one of the following courses~~
13 ~~or programs of instruction and equivalent classroom hours shall be~~
14 ~~deemed to have met the requirements for continuing education.~~

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

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

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

23 ~~4. Any part of the American Institute of Property and Liability~~
24 ~~Underwriters' Chartered Property Casualty Underwriter (CPCU)~~

1 ~~professional designation program totaling thirty (30) classroom~~
2 ~~hours;~~

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

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

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

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

19 C. E. The Insurance Commissioner shall have sole authority to
20 determine programs leading to professional designations and
21 professional associations for which a licensed agent who, during the
22 time period prior to renewal, successfully completes courses or
23 programs of instruction and equivalent classroom hours as approved
24 by the Insurance Commissioner shall be deemed to have met the

1 biennial requirement for continuing education provided that a course
2 curriculum for programs leading to professional designation and
3 continuing education requirements to maintain the designation total
4 a minimum of twenty (20) hours:

5 1. Professional associations offer programs that meet all
6 requirements for continuing education;

7 2. Each approved professional designation program and
8 professional association included in this section shall be reviewed
9 for quality and compliance every three (3) years in accordance with
10 standardized criteria promulgated and published by the Department.
11 Continuation of approved status is contingent upon the findings of
12 the review;

13 3. The list of professional designation programs and
14 professional associations approved under this section shall be made
15 available to licensed adjusters annually; and

16 4. The active service of a licensed adjuster as a member of a
17 continuing education advisory committee under paragraph 2 of
18 subsection C of this section shall be deemed to have met the
19 biennial requirements for continuing education.

20 F. Subject to the right of the Commissioner to suspend, revoke,
21 or refuse to renew a license of an adjuster, any such license may be
22 renewed by filing on the form prescribed by the Commissioner on or
23 before the expiration date a written request by or on behalf of the
24 licensee for such renewal and proof of completion of the continuing

1 education requirement set forth in subsection B of this section,
2 accompanied by payment of the renewal fee.

3 ~~D.~~ G. If the request, proof of compliance with the continuing
4 education requirement and fee for renewal of a license as an
5 adjuster are filed with the Commissioner prior to the expiration of
6 the existing license, the licensee may continue to act pursuant to
7 said license, unless revoked or suspended prior to the expiration
8 date, until the issuance of a renewal license or until the
9 expiration of ten (10) days after the Commissioner has refused to
10 renew the license and has mailed notice of said refusal to the
11 licensee. Any request for renewal filed after the date of
12 expiration may be considered by the Commissioner as an application
13 for a new license.

14 SECTION 26. AMENDATORY 36 O.S. 2001, Section 6521, is
15 amended to read as follows:

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

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

- 21 1. The carrier's financial condition;
- 22 2. The carrier's history of rating and underwriting small
23 employer groups;

24

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

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

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

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

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

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

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

24

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

4 SECTION 27. AMENDATORY 36 O.S. 2001, Section 6602, as
5 last amended by Section 1, Chapter 169, O.S.L. 2004 (36 O.S. Supp.
6 2006, Section 6602), is amended to read as follows:

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

- 8 1. "Commissioner" means the Insurance Commissioner;
- 9 2. "Consumer product" means tangible personal property
10 primarily used for personal, family, or household purposes;
- 11 3. "Department" means the Insurance Department;
- 12 4. "Gross income" means the total amount of revenue received in
13 connection with business-related activity;
- 14 5. "Gross written premiums" means the total amount of premiums,
15 inclusive of commissions, for which the association is obligated
16 under service warranties issued in this state;
- 17 6. "Impaired" means having liabilities in excess of assets;
- 18 7. "Indemnify" means to undertake repair or replacement of a
19 consumer product or a newly-constructed residential structure,
20 including any appliances, electrical, plumbing, heating, cooling or
21 air conditioning systems, in return for the payment of a segregated
22 premium, when the consumer product or residential structure becomes
23 defective or suffers operational failure;

24

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

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

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

8 c. the association has knowingly overvalued its assets;

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

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

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

21 12. "Premium" means the total consideration received or to be
22 received, by whatever name called, by an insurer or service warranty
23 association for, or related to, the issuance and delivery of a
24 service warranty, including any charges designated as assessments or

1 fees for membership, policy, survey, inspection, or service or other
2 charges. However, a repair charge is not a premium unless it
3 exceeds the usual and customary repair fee charged by the
4 association, provided the repair is made before the issuance and
5 delivery of the warranty;

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

18 14. "Service warranty" means any warranty, home warranty,
19 guaranty, extended warranty or extended guaranty, contract
20 agreement, or other written promise entered into between a consumer
21 and a service warranty association under the terms of which there is
22 an undertaking to indemnify against the cost of repair or
23 replacement of a consumer product or newly-constructed residential
24 structure, including any appliances, electrical, plumbing, heating,

1 cooling or air conditioning systems, in return for the payment of a
2 segregated charge by the consumer; however:

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

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

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

23 d. the term "service warranty" does not include
24 warranties, guarantees, extended warranties, extended

1 guarantees, contract agreements or any other service
2 contracts issued by a company which performs at least
3 seventy percent (70%) of the service work itself and
4 not through subcontractors, which has been selling and
5 honoring such contracts in Oklahoma for at least
6 twenty (20) years, and

7 e. the term "service warranty" does not include
8 warranties, guarantees, extended warranties, extended
9 guarantees, contract agreements or any other service
10 contracts issued by a company which has net assets in
11 excess of One Hundred Million Dollars
12 (\$100,000,000.00). The calculation of the net assets
13 shall include the assets of a parent company. When
14 the net assets of the parent company are used to
15 calculate the total net assets of the company, the net
16 assets of the company issuing the policy shall total
17 at least Twenty-five Million Dollars (\$25,000,000.00);

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

22 16. "Warrantor" means any service warranty association engaged
23 in the sale of service warranties and deriving not more than fifty
24

1 percent (50%) of its gross income from the sale of service
2 warranties; and

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

7 SECTION 28. AMENDATORY Section 22, Chapter 390, O.S.L.
8 2003, as amended by Section 18, Chapter 129, O.S.L. 2005 (36 O.S.
9 Supp. 2006, Section 6821), is amended to read as follows:

10 Section 6821.

11 MEDICAL PROFESSIONAL LIABILITY RATE SETTING

12 A. No rate shall be approved or remain in effect which is
13 excessive, inadequate, unfairly discriminatory or otherwise in
14 violation of this section. Notwithstanding any other provision of
15 law, in considering whether a rate is excessive, inadequate or
16 unfairly discriminatory, no consideration shall be given to the
17 degree of competition and the Insurance Commissioner shall consider
18 whether the rate mathematically reflects the insurance company's
19 investment income.

20 B. Notwithstanding any other provision of law, every medical
21 professional liability insurer which desires to change any rate
22 shall file a rate application with the Commissioner. A complete
23 rate application shall include the factors enumerated in Section
24 902.2 of this title and such other information as the Commissioner

1 may require. The applicant shall have the burden of proving that
2 the requested rate change is justified and meets the requirements of
3 this section.

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

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

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

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

24

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

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

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

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

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

1 SECTION 29. AMENDATORY 74 O.S. 2001, Section 500.2, as
2 last amended by Section 82, Chapter 16, O.S.L. 2006 (74 O.S. Supp.
3 2006, Section 500.2), is amended to read as follows:

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

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

21 C. The Oklahoma Department of Commerce, the Oklahoma Center for
22 the Advancement of Science and Technology, and the Oklahoma
23 Department of Agriculture, Food, and Forestry are hereby authorized
24 to enter into contracts and agreements for the payment of food,

1 lodging, meeting facility and beverage expenses as may be necessary
2 for sponsoring seminars and receptions relating to economic
3 development and science and technology issues. Such expenses may be
4 paid directly to the contracting agency or business establishment.
5 The Director of the Oklahoma Department of Commerce, the President
6 of the Oklahoma Center for the Advancement of Science and
7 Technology, and the Commissioner of Agriculture shall each provide a
8 quarterly report of such expenditures to the Governor, the Speaker
9 of the House of Representatives and the President Pro Tempore of the
10 Senate.

11 D. The Native American Cultural and Educational Authority is
12 hereby authorized to enter into contracts and agreements for the
13 payment of food, lodging, and meeting facility as may be necessary
14 to pursue the promotion of fund-raising, marketing, and development
15 of Native American educational programs and cultural projects, or to
16 sponsor luncheons, seminars, and receptions relating to Native
17 American educational, cultural, museum, and economic development
18 issues. Such expenses may be paid directly to the contracting
19 agency or business establishment. The Executive Director shall
20 provide a monthly report of expenditures to the Board.

21 E. For purposes of this section:

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

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

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

19 F. State agencies are authorized to make direct purchases of
20 commercial airline tickets for use by employees in approved out-of-
21 state travel. Each claim or invoice submitted to the Director of
22 State Finance for the payment of the purchase shall bear the airline
23 identifying ticket number, the name of the airline, total cost of
24 each ticket purchased, class of accommodation, social security

1 number, and name of the employee for whom the ticket was purchased,
2 and shall be filed on claim forms as prescribed by the Director of
3 State Finance. The employee shall sign an affidavit stating that
4 the employee did use any direct purchase commercial airline ticket
5 received for his or her approved out-of-state travel.

6 G. 1. The Administrator of the Office of Personnel Management
7 is hereby authorized to enter into contracts and agreements for the
8 payment of food, lodging, and other authorized expenses as may be
9 necessary to host, conduct, sponsor, or participate in conferences,
10 meetings, or training sessions. The Administrator may establish
11 accounts as necessary for the collection and distribution of funds,
12 including funds of sponsors and registration fees, related to such
13 conferences, meetings, and training sessions. Expenses incurred may
14 be paid directly to the contracting agency or business
15 establishment.

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

20 H. 1. The Commissioner of the Department of Mental Health and
21 Substance Abuse Services is hereby authorized to enter into
22 contracts and agreements for the payment of food, lodging, and other
23 authorized expenses as may be necessary to host, conduct, sponsor,
24 or participate in conferences, meetings, or training sessions. The

1 Commissioner may establish accounts as necessary for the collection
2 and distribution of funds, including funds of sponsors and
3 registration fees, related to such conferences, meetings, and
4 training sessions. Any expenses incurred may be paid directly to
5 the contracting agency or business establishment.

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

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

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

1 a monthly report of any such expenditures to the Oklahoma Tourism
2 and Recreation Commission.

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

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

23 2. The cost of food for persons attending any highway safety
24 conferences, workshops, seminars, meetings, and training sessions

1 that do not require overnight travel shall not exceed the total
2 daily rate as provided in the State Travel Reimbursement Act.

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

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

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

22 O. 1. The Commissioner of the Oklahoma Insurance Department is
23 hereby authorized to enter into contracts and agreements for the
24 payment of food, lodging, and other authorized expenses as may be

1 necessary to host, conduct, sponsor, or participate in conferences,
2 meetings, or training sessions. The Commissioner may establish
3 accounts as necessary for the collection and distribution of funds,
4 including funds of sponsors and registration fees, related to such
5 conferences, meetings, and training sessions. Any expenses incurred
6 may be paid directly to the contracting agency or business
7 establishment.

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

12 SECTION 30. This act shall become effective July 1, 2007.

13 SECTION 31. It being immediately necessary for the preservation
14 of the public peace, health and safety, an emergency is hereby
15 declared to exist, by reason whereof this act shall take effect and
16 be in full force from and after its passage and approval.

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