

SB 919

Senate Bill No. 919
As Amended

SENATE BILL NO. 919 - By: Sparks of the Senate and McDaniel (Randy) of the House.

[insurance - Service Warranty Insurance Act - surety bond - contractual liability insurance - codification - effective date - emergency]

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

SECTION 1. AMENDATORY 36 O.S. 2001, Section 6604, as amended by Section 18, Chapter 353, O.S.L. 2008 (36 O.S. Supp. 2008, Section 6604), is amended to read as follows:

Section 6604. A. No person in this state shall ~~act as a service warranty association~~ provide or offer to provide service warranties unless licensed by the Insurance Commissioner.

B. A service warranty association shall pay to the Insurance Department a license fee of ~~Four Hundred Dollars (\$400.00)~~ Two Hundred Dollars (\$200.00) for such license for each year, or part thereof, the license is in force. All license fees received pursuant to this subsection shall be paid into the State Treasury to the credit of the Insurance Commissioner Revolving Fund and shall be used for the implementation of the Service Warranty Insurance Act.

1 C. ~~Each business entity that offers to sell service warranty~~
2 ~~contracts shall be registered by the Insurance Department and shall~~
3 ~~meet the following criteria:~~

4 1. ~~A registration issued to a business entity that offers to~~
5 ~~sell service warranty contracts shall encompass each office, branch~~
6 ~~office, or place of business making use of the entity's business~~
7 ~~name in order to offer, solicit, and sell service warranty contracts~~
8 ~~pursuant to this subsection;~~

9 2. ~~The registration application must list the name, address,~~
10 ~~and phone number for each office, branch office, or place of~~
11 ~~business that is to be covered by the registration, and the entity~~
12 ~~shall pay the registration fee for each office, branch office, or~~
13 ~~place of business where the entity will sell service warranty~~
14 ~~contracts;~~

15 3. ~~The registered entity shall notify the Department of the~~
16 ~~name, address, and phone number of any new location that is to be~~
17 ~~covered by the registration before the new office, branch office, or~~
18 ~~place of business engages in the sale of service warranty contracts~~
19 ~~pursuant to this subsection;~~

20 4. ~~The registered entity shall notify the Department within~~
21 ~~thirty (30) days after closing or terminating an office, branch~~
22 ~~office, or place of business. Upon receipt of the notice, the~~

1 ~~department shall delete the office, branch office, or place of~~
2 ~~business from the entity's registration; and~~

3 ~~5. A business entity shall pay to the Department a business~~
4 ~~entity registration fee of Four Hundred Dollars (\$400.00) for each~~
5 ~~registration separate and in addition to a service warranty~~
6 ~~association license fee. All registration fees received pursuant to~~
7 ~~this subsection shall be paid into the State Treasury to the credit~~
8 ~~of the Insurance Commissioner Revolving Fund and shall be used for~~
9 ~~the implementation of the Service Warranty Insurance Act.~~

10 ~~D.~~ An insurer, while authorized to transact property or
11 casualty insurance in this state, may also transact a service
12 warranty business without additional qualifications or licensure as
13 required by the Service Warranty Insurance Act, but shall be
14 otherwise subject to the provisions of the Service Warranty
15 Insurance Act.

16 ~~E.~~ A service warranty association may appoint an administrator
17 or other designee to be responsible for any or all of the
18 administration of service contracts and compliance with this act.

19 ~~F.~~ An agreement which provides specified scheduled maintenance
20 services over a stated period of time does not constitute insurance
21 or a service warranty.

1 SECTION 2. AMENDATORY 36 O.S. 2001, Section 6605, as
2 amended by Section 19, Chapter 353, O.S.L. 2008 (36 O.S. Supp. 2008,
3 Section 6605), is amended to read as follows:

4 Section 6605. The Insurance Commissioner shall not issue or
5 renew a license to any service warranty association unless the
6 association:

7 1. Is a solvent association;

8 2. Furnishes the Insurance Department with evidence
9 satisfactory to it that the management of the association is
10 competent and trustworthy and can successfully manage the affairs of
11 the association in compliance with law;

12 3. Proposes to use and uses in its business a name together
13 with a trademark or emblem, if any, which is distinctive and not so
14 similar to the name or trademark of any other person already doing
15 business in this state as will tend to mislead or confuse the
16 public;

17 4. ~~Files~~ Makes the deposit or files the bond required by the
18 Service Warranty Insurance Act; and

19 5. Is formed under the laws of this state or another state,
20 district, territory, or possession of the United States, if the
21 association is other than a natural person.

1 SECTION 3. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 6606.1 of Title 36, unless there
3 is created a duplication in numbering, reads as follows:

4 A. To ensure the faithful performance of its obligations to its
5 members or subscribers in the event of insolvency, each service
6 warranty association shall, before being issued a license by the
7 Insurance Commissioner and during such time as the association has
8 premiums in force in this state, deposit and maintain securities of
9 the type eligible for deposit by an insurer pursuant to Section 613
10 of Title 36 of the Oklahoma Statutes. Whenever the market value of
11 the securities deposited with the Commissioner is less than ninety-
12 five percent (95%) of the amount required, the association shall
13 deposit additional securities or otherwise increase the deposit to
14 the amount required. In lieu of the amounts required in Section 613
15 of Title 36 of the Oklahoma Statutes, such securities shall have at
16 all times a market value as follows:

17 1. A new warrantor, before the issuance of its license and
18 before receiving any premiums, shall place and maintain in trust
19 with the Commissioner the amount of Twenty Thousand Dollars
20 (\$20,000.00);

21 2. A warrantor which has Three Hundred Thousand Dollars
22 (\$300,000.00) or less of gross written premiums in this state shall

1 place and maintain in trust with the Commissioner an amount not less
2 than Fifty Thousand Dollars (\$50,000.00);

3 3. A warrantor which has more than Three Hundred Thousand
4 Dollars (\$300,000.00) but less than Seven Hundred Fifty Thousand
5 Dollars (\$750,000.00) or more of gross written premiums in this
6 state shall place and maintain in trust with the Commissioner an
7 amount equal to One Hundred Thousand Dollars (\$100,000.00);

8 4. A warrantor which has Seven Hundred Fifty Thousand Dollars
9 (\$750,000.00) or more of gross written premiums in this state shall
10 place and maintain in trust with the Commissioner an amount equal to
11 One Hundred Thousand Dollars (\$100,000.00);

12 5. A warranty seller shall, before the issuance of its license,
13 place in trust with the Commissioner an amount not less than One
14 Hundred Thousand Dollars (\$100,000.00); and

15 6. All warrantors and warranty sellers upon receipt of written
16 notice from the Commissioner, shall have thirty (30) calendar days
17 in which to make additional deposits as the Commissioner deems
18 necessary, up to the maximum amounts provided in this subsection.

19 B. 1. In lieu of any deposit of securities required under
20 subsection A of this section and subject to the approval of the
21 Commissioner, the service warranty association may file with the
22 Commissioner a surety bond issued by an authorized surety insurer.
23 The bond shall be for the same purpose as the deposit in lieu of

1 which it is filed. The Commissioner may not approve any bond under
2 the terms of which the protection afforded against insolvency is not
3 equivalent to the protection afforded by those securities provided
4 for in subsection A of this section.

5 2. When a bond is deposited in lieu of the required securities,
6 no warranties shall be written which provide coverage for a time
7 period beyond the duration of such bond. The bond shall guarantee
8 that the service warranty association will faithfully and truly
9 perform all the conditions of any service warranty contract.

10 3. No such bond shall be canceled or subject to cancellation
11 unless at least sixty (60) days' advance notice thereof, in writing,
12 is filed with the Commissioner. In the event that notice of
13 termination of the bond is filed with the Commissioner the service
14 warranty association insured thereunder shall, within thirty (30)
15 days of the filing of notice of termination, provide the
16 Commissioner with a replacement bond meeting the requirements of
17 this subsection or deposit additional securities as required under
18 subsection A of this section. The cancellation of a bond shall not
19 relieve the obligation of the issuer of the bond for claims arising
20 out of contracts issued before cancellation of the bond unless a
21 replacement bond or securities are filed. In no event shall the
22 liability of the issuer under the bond exceed the face amount of the
23 bond. If within thirty (30) days of filing the notice of

1 termination no replacement bond or additional security is provided,
2 the Commissioner shall suspend the license of the association until
3 the deposit requirements are satisfied.

4 C. Securities and bonds posted by an association pursuant to
5 this section are for the benefit of, and subject to action thereon
6 in the event of insolvency or impairment of any association or
7 insurer by, any person or persons sustaining an actionable injury
8 due to the failure of the association to faithfully perform its
9 obligation to its warranty holders.

10 D. The State Treasurer shall be responsible for the safekeeping
11 of all securities deposited with the Commissioner pursuant to the
12 provisions of the Service Warranty Insurance Act. Such securities
13 shall not be subject to taxation, but shall be held exclusively and
14 solely to guarantee the faithful performance by the association of
15 its obligations to its members or subscribers.

16 E. The depositing association, during its solvency, shall have
17 the right to exchange or substitute other securities of like quality
18 and value for securities on deposit, to receive the interest and
19 other income accruing to such securities, and to inspect the deposit
20 at all reasonable times.

21 F. Such deposit or bond shall be maintained unimpaired as long
22 as the association continues in business in this state. Whenever
23 the association ceases to do business in this state and furnishes

1 the Commissioner proof satisfactory to the Commissioner that it has
2 discharged or otherwise adequately provided for all its obligations
3 to its members or subscribers in this state, the Commissioner shall
4 release the deposited securities to the parties entitled thereto, on
5 presentation of the receipts of the Commissioner for such
6 securities, or shall release any bond filed with it in lieu of such
7 deposit.

8 G. No judgment creditor or other claimant of a service warranty
9 association, other than a judgment creditor whose judgment is based
10 on a service warranty contract, shall have the right to levy upon
11 any of the assets or securities held in this state as a deposit
12 pursuant to this section.

13 SECTION 4. AMENDATORY 36 O.S. 2001, Section 6607, as
14 amended by Section 20, Chapter 353, O.S.L. 2008 (36 O.S. Supp. 2008,
15 Section 6607), is amended to read as follows:

16 Section 6607. A. An association licensed pursuant to the
17 Service Warranty Insurance Act shall maintain a funded, unearned
18 premium reserve account, consisting of unencumbered assets, equal to
19 a minimum of twenty-five percent (25%) of the gross written premiums
20 received on all warranty contracts in force, wherever written. In
21 the case of multiyear contracts which are offered by associations
22 having net assets of less than Five Hundred Thousand Dollars
23 (\$500,000.00) for which premiums are collected in advance for

1 coverage in a subsequent year, one hundred percent (100%) of the
2 premiums for such subsequent years shall be placed in the funded,
3 unearned premium reserve account. ~~Additionally, an association~~
4 ~~establishing such reserve account shall also place in trust with the~~
5 ~~Insurance Commissioner a surety bond issued by an authorized surety~~
6 ~~having a value of not less than five percent (5%) of the gross~~
7 ~~premium received, less claims paid, on the sale of the service~~
8 ~~warranties for all service contracts issued and in force in this~~
9 ~~state, but in no event shall the bond be less than Twenty five~~
10 ~~Thousand Dollars (\$25,000.00).~~

11 B. An association shall not be required to establish an
12 unearned premium reserve ~~or demonstrate minimum net worth~~ if it has
13 purchased an contractual liability insurance policy which
14 demonstrates to the satisfaction of the Insurance Commissioner that
15 one hundred percent (100%) of its claim exposure is covered by such
16 policy and ~~satisfies the requirements of this section.~~ The
17 contractual liability insurance shall be obtained from an insurer
18 ~~that is licensed, registered, or otherwise authorized to do business~~
19 ~~in this state and that meets the requirements of subsection C of~~
20 ~~this section~~ holds a certificate of authority to do business within
21 the state or from an insurer approved by the Commissioner as
22 financially capable of meeting the obligations incurred pursuant to

1 the policy. For the purposes of this subsection, the ~~insurance~~
2 contractual liability policy shall contain the following provisions:

3 1. In the event that the service warranty association is unable
4 to fulfill its obligation under contracts issued in this state for
5 any reason, including insolvency, bankruptcy, or dissolution, the
6 contract liability insurer will pay losses and unearned premiums
7 under such plans directly to the person making a claim under the
8 contract;

9 2. The insurer issuing the ~~insurance~~ contractual liability
10 policy shall assume full responsibility for the administration of
11 claims in the event of the inability of the association to do so;
12 and

13 3. The policy may not be canceled or not renewed by either the
14 insurer or the association unless sixty (60) days' written notice
15 thereof has been given to the Commissioner by the insurer before the
16 date of such cancellation or nonrenewal.

17 C. ~~The insurer providing the insurance policy used to satisfy~~
18 ~~the financial responsibility requirements of subsection B of this~~
19 ~~section must meet one of the following standards:~~

20 1. ~~The insurer shall, at the time the policy is filed with the~~
21 ~~Commissioner, and continuously thereafter.~~

1 ~~a. maintain surplus as to policyholders and paid in~~
2 ~~capital of at least Fifteen Million Dollars~~
3 ~~(\$15,000,000.00), and~~
4 ~~b. annually file copies of the audited financial~~
5 ~~statements of the insurer, its NAIC Annual Statement,~~
6 ~~and the actuarial certification required by and filed~~
7 ~~in the state of domicile of the insurer; or~~
8 2. ~~The insurer shall, at the time the policy is filed with the~~
9 ~~Commissioner, and continuously thereafter:~~
10 ~~a. maintain surplus as to policyholders and paid in~~
11 ~~capital of less than Fifteen Million Dollars~~
12 ~~(\$15,000,000.00) but at least equal to Ten Million~~
13 ~~Dollars (\$10,000,000.00),~~
14 ~~b. demonstrate to the satisfaction of the Commissioner~~
15 ~~that the company maintains a ratio of net written~~
16 ~~premiums, wherever written, to surplus as to~~
17 ~~policyholders and paid in capital of not greater than~~
18 ~~three to one, and~~
19 ~~c. annually file copies of the audited financial~~
20 ~~statements of the insurer, its NAIC Annual Statement,~~
21 ~~and the actuarial certification required by and filed~~
22 ~~in the state of domicile of the insurer.~~

1 ~~D.~~ No warrantor ~~or warranty seller~~ shall allow its gross
2 written premiums to exceed seven to one ratio to net assets.

3 E. D. No warranty seller shall allow its gross written premiums
4 to exceed a five to one ratio to net assets.

5 E. If the gross written premiums of a warrantor or a warranty
6 seller exceed the required net asset ratios, the Commissioner may
7 require, in addition to other measures as the Commissioner deems
8 necessary, any one or more of the following:

- 9 1. A complete review of financial condition;
- 10 2. An increase in deposit;
- 11 3. A suspension of any new writings; or
- 12 4. Capital infusion into the business.

13 SECTION 5. AMENDATORY 36 O.S. 2001, Section 6614, as
14 amended by Section 21, Chapter 353, O.S.L. 2008 (36 O.S. Supp. 2008,
15 Section 6614), is amended to read as follows:

16 Section 6614. A. No service warranty form or related form
17 shall be issued or used in this state unless the form has been filed
18 with and approved by the Insurance Commissioner.

19 B. Each filing of a form shall be made not less than thirty
20 (30) days in advance of its issuance or use. At the expiration of
21 thirty (30) days from date of filing, a form so filed shall be
22 deemed approved unless prior thereto it has been affirmatively
23 disapproved by written order of the Commissioner.

1 C. Each service warranty contract shall contain a cancellation
2 provision. In the event the contract is canceled by the warranty
3 holder, return of premium shall be based upon ninety percent (90%)
4 of the unearned pro rata premium ~~less the actual cost of any service~~
5 ~~provided under the service warranty contract.~~ In the event the
6 contract is canceled by the association, return of premium shall be
7 based upon one hundred percent (100%) of unearned pro rata premium
8 ~~less the actual cost of any service provided under the service~~
9 ~~warranty contract.~~

10 D. The Commissioner shall disapprove any form filed pursuant to
11 this section if the form:

- 12 1. Violates the Service Warranty Insurance Act;
- 13 2. Is misleading in any respect; or
- 14 3. Is reproduced so that any material provision is
15 substantially illegible.

16 SECTION 6. AMENDATORY 36 O.S. 2001, Section 6615, as
17 last amended by Section 22, Chapter 353, O.S.L. 2008 (36 O.S. Supp.
18 2008, Section 6615), is amended to read as follows:

19 Section 6615. A. In addition to the license fees provided in
20 the Service Warranty Insurance Act for service warranty associations
21 each such association and insurer shall, annually on or before May
22 1, file with the Insurance Commissioner its annual statement in the
23 form prescribed by the Commissioner showing ~~gross written premium~~

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

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

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

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

1 (\$75.00) but not to exceed Two Hundred Fifty Dollars (\$250.00), and
2 Ten Dollars (\$10.00) for each service warranty that provides
3 coverage in excess of Two Hundred Fifty Dollars (\$250.00). However,
4 associations and insurers that have contractual liability insurance
5 in place, from ~~an insurer which satisfies the requirements of~~
6 ~~subsection C of Section 6607 of this title and~~ a company licensed in
7 the state, which covers one hundred percent (100%) of the claims
8 exposure of the association or insurer on all contracts written
9 shall be subject to an annual administrative fee of ~~Three Thousand~~
10 ~~Dollars (\$3,000.00)~~ Two Thousand Five Hundred Dollars (\$2,500.00).
11 ~~Said~~ The fees shall be paid quarterly to the Insurance Commissioner.
12 All such fees, up to a maximum of Two Hundred Seventy-five Thousand
13 Dollars (\$275,000.00) per year, received by the Insurance
14 Commissioner shall be deposited into the State Treasury to the
15 credit of the Insurance Commissioner Revolving Fund for the payment
16 of costs incurred by the Insurance Department in the administration
17 of the Service Warranty Insurance Act. Amounts received in excess
18 of the annual limitation shall be deposited to the credit of the
19 General Revenue Fund.

20 SECTION 7. AMENDATORY 36 O.S. 2001, Section 6617, as
21 amended by Section 23, Chapter 353, O.S.L. 2008 (36 O.S. Supp. 2008,
22 Section 6617), is amended to read as follows:

1 Section 6617. As a minimum requirement for permanent office
2 records, each licensed service warranty association shall maintain:

3 1. A complete set of accounting records, including but not
4 limited to, a general ledger, cash receipts and disbursements
5 journals, accounts receivable registers and accounts payable
6 registers;

7 2. A detailed warranty register of warranties in force by
8 unique identifier. The register shall include the unique
9 identifier, date of issue, issuing sales representative, name of
10 warranty holder, location of the property, warranty period, gross
11 premium, commission to sales representative, and net premium; and

12 3. A detailed centralized claims or service record register
13 which includes the unique identifier, date of issue, date of claim,
14 issuing service representative, amount of claim or service, date
15 claim paid, and, if applicable, disposition other than payment and
16 reason therefor.

17 SECTION 8. AMENDATORY 36 O.S. 2001, Section 6620, as
18 last amended by Section 24, Chapter 353, O.S.L. 2008 (36 O.S. Supp.
19 2008, Section 6620), is amended to read as follows:

20 Section 6620. Each service warranty association or insurer
21 shall register, on forms prescribed by the Insurance Commissioner,
22 on or before March 1 of each odd-numbered year, the name and
23 business address of each sales representative ~~required to be~~

1 ~~registered under Section 6619 of this title~~ utilized by it in this
2 state and, within thirty (30) days after termination of the
3 contract, shall notify the Commissioner of such termination. At the
4 time of biennial registration, a filing fee of Forty Dollars
5 (\$40.00) for each sales representative shall be paid by the service
6 warranty association or insurer to the Commissioner. All such
7 filing fees shall be deposited in the State Treasury to the credit
8 of the Insurance Commissioner Revolving Fund to be used for the
9 implementation of the Service Warranty Insurance Act. Any sales
10 representative utilized subsequent to the March 1 filing date shall
11 be registered with the Commissioner within ten (10) days after such
12 utilization. Pursuant to Section 6619 of this title, any individual
13 who is an attorney licensed to practice law in the State of Oklahoma
14 or an individual licensed under the Oklahoma Real Estate License
15 Code, Mortgage Broker Licensure Act, or Home Inspection Licensing
16 Act, shall not be subject to the registration or filing fee
17 requirements of this section. No employee or sales representative
18 of a service warranty association or insurer may directly or
19 indirectly solicit or negotiate insurance contracts, or hold himself
20 or herself out in any manner to be an insurance agent, unless so
21 qualified and licensed pursuant to Section 1421 et seq. of this
22 title.

1 SECTION 9. AMENDATORY 36 O.S. 2001, Section 6622, as
2 amended by Section 25, Chapter 353, O.S.L. 2008 (36 O.S. Supp. 2008,
3 Section 6622), is amended to read as follows:

4 Section 6622. The Insurance Commissioner shall deny, suspend,
5 revoke, or refuse to renew or continue the registration of any sales
6 representative if it is found that any one or more of the following
7 grounds applicable to the sales representative exist:

8 1. Material misstatement, misrepresentation, or fraud in
9 registration;

10 2. The registration is willfully used to circumvent any of the
11 requirements or prohibitions of the Service Warranty Insurance Act;

12 3. Willful misrepresentation of any service warranty contract
13 or willful deception with regard to any such contract, done either
14 in person or by any form of dissemination of information or
15 advertising;

16 4. In the adjustment of claims arising out of warranties,
17 material misrepresentation to a service warranty holder or other
18 interested party of the terms and coverage of a contract with the
19 intent and for the purpose of effecting settlement of such claim on
20 less favorable terms than those provided in and contemplated by the
21 contract;

22 5. Demonstrated lack of fitness or trustworthiness to engage in
23 the business of service warranty;

1 6. Demonstrated lack of adequate knowledge and technical
2 competence to engage in the transactions authorized by the
3 registration;

4 7. Fraudulent or dishonest practices in the conduct of business
5 under the registration;

6 8. Misappropriation, conversion, or unlawful withholding of
7 moneys belonging to an association, insurer, or warranty holder, or
8 to others, and received in the conduct of business under the
9 registration;

10 9. ~~Unlawfully rebating~~ Rebating, or attempting to ~~unlawfully~~
11 rebate, or unlawfully dividing, or offering to divide, his or her
12 commission with another;

13 10. Willful failure to comply with, or willful violation of,
14 any proper order or rule of the Commissioner, or willful violation
15 of any provision of the Service Warranty Insurance Act; or

16 11. Being found guilty of or pleading nolo contendere to a
17 felony or a crime punishable by imprisonment of one (1) year or more
18 under the law of the United States of America or any state thereof
19 or under the law of any other country involving moral turpitude,
20 without regard to whether judgment of conviction has been entered by
21 the court having jurisdiction of such case.

1 SECTION 10. AMENDATORY 36 O.S. 2001, Section 6626, as
2 amended by Section 26, Chapter 353, O.S.L. 2008 (36 O.S. Supp. 2008,
3 Section 6626), is amended to read as follows:

4 Section 6626. A. If, pursuant to procedures provided for in
5 the Service Warranty Insurance Act, it is found that one or more
6 grounds exist for the suspension, revocation, or refusal to renew or
7 continue any registration issued under the Service Warranty
8 Insurance Act, on a first offense and except when such suspension,
9 revocation, or refusal is mandatory, an order may be entered
10 imposing upon the registrant, in lieu of such suspension,
11 revocation, or refusal, an administrative penalty for each violation
12 in the amount of One Hundred Dollars (\$100.00), or in the event of
13 willful misconduct or willful violation on the part of the
14 registrant, an administrative fine not to exceed One Thousand
15 Dollars (\$1,000.00) for each violation. The administrative penalty
16 may be augmented by an amount equal to any commissions received by
17 or accruing to the credit of the registrant in connection with any
18 transaction to which the grounds for suspension, revocation, or
19 refusal are related. ~~An administrative penalty imposed under this~~
20 ~~section shall not exceed Five Thousand Dollars (\$5,000.00) in the~~
21 ~~aggregate for all nonwillful violations of a similar nature or One~~
22 ~~Hundred Fifty Thousand Dollars (\$150,000.00) in the aggregate for~~
23 ~~all willful violations of a similar nature. For purposes of this~~

1 ~~section, violations shall be of a similar nature if the violation~~
2 ~~occurs within a single license or filing year and consists of the~~
3 ~~same or similar course of conduct, action, or practice, irrespective~~
4 ~~of the number of times the act, conduct, or practice which is~~
5 ~~determined to be a violation of this act occurred.~~

6 B. The order may allow the registrant a reasonable period, not
7 to exceed thirty (30) days, within which to pay to the Insurance
8 Commissioner the amount of the penalty so imposed. If the
9 registrant fails to pay the penalty in its entirety to the
10 Commissioner within the period allowed, the registration of the
11 registrant shall stand suspended or revoked or renewal or
12 continuation may be refused, as the case may be, upon expiration of
13 such period and without any further proceedings.

14 SECTION 11. AMENDATORY 36 O.S. 2001, Section 6628, as
15 amended by Section 27, Chapter 353, O.S.L. 2008 (36 O.S. Supp. 2008,
16 Section 6628), is amended to read as follows:

17 Section 6628. A If a service warranty shall contain is issued
18 by a person or entity that is not the manufacturer of the product or
19 a wholesale company marketing the product, a disclosure statement
20 containing substantially the following information:—Coverage
21 afforded under this contract is not guaranteed by the Oklahoma
22 Insurance Guaranty Association in ten-point or larger type shall be
23 attached to the buyer's copy of the service warranty: "This service

1 warranty is not issued by the manufacturer or wholesale company
2 marketing the product. This warranty will not be honored by such
3 manufacturer or wholesale company." No other information shall be
4 placed on the disclosure statement.

5 SECTION 12. This act shall become effective July 1, 2009.

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

10 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 2-18-09 - DO
11 PASS, As Amended and Coauthored.