

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 53rd Legislature (2012)

4 COMMITTEE SUBSTITUTE
5 FOR ENGROSSED
6 SENATE BILL NO. 1511

By: Justice of the Senate

and

Russ of the House

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10 COMMITTEE SUBSTITUTE

11 [Insurance Commissioner - modifying distribution of
12 funds -

codification]

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

18 SECTION 1. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 301.1 of Title 36, unless there
20 is created a duplication in numbering, reads as follows:

21 A. The Legislature hereby declares its intent that beginning
22 July 1, 2012, the Insurance Department shall be a nonappropriated
23 agency of the State of Oklahoma.

1 B. Beginning July 1, 2012, the Insurance Commissioner shall
2 have the authority to establish, set, amend, revoke and collect any
3 fee falling within the authority of the Commissioner or Department
4 through the promulgation of necessary rules.

5 C. No fee established, set, amended, revoked or collected
6 pursuant to subsection B of this section shall take effect prior to
7 July 1, 2013.

8 D. Beginning July 1, 2013, and each year thereafter the
9 Department shall submit the annual budget of the Department to the
10 Office of State Finance, the President Pro Tempore of the Senate and
11 the Speaker of the House of Representatives.

12 SECTION 2. AMENDATORY 36 O.S. 2011, Section 307.3, is
13 amended to read as follows:

14 Section 307.3 A. Effective July 1, 2009, there is hereby
15 created in the State Treasury a revolving fund for the Insurance
16 Commissioner called the State Insurance Commissioner Revolving Fund.
17 The revolving fund shall be used to fund the operations of the
18 Office of the Insurance Commissioner.

19 1. Notwithstanding any other law to the contrary, the revolving
20 fund shall consist of and consolidate all funds that are or have
21 been paid or collected by the Insurance Commissioner pursuant to the
22 laws of this state and the rules of the Insurance Department except
23 that the revolving fund shall not include:

- 1 a. premium taxes,
- 2 b. monies transferred to the Attorney General's Insurance
- 3 Fraud Unit Revolving Fund pursuant to Section 362 of
- 4 this title,
- 5 c. funds paid to and collected pursuant to the Oklahoma
- 6 Certified Real Estate Appraisers Act, ~~Sections 858-700~~
- 7 ~~through 858-732 of Title 59 of the Oklahoma Statutes,~~
- 8 d. health carrier access payments paid to and collected
- 9 by the Insurance Commissioner and deposited into the
- 10 Health Carrier Access Payment Revolving Fund, and
- 11 e. recoveries obtained as a result of insurance-related
- 12 crimes, and other fines, late fees, and penalties
- 13 assessed and collected.

14 2. The revolving fund shall be a continuing fund, not subject

15 to fiscal year limitations. Expenditures from the revolving fund

16 shall be made pursuant to the laws of this state and the statutes

17 relating to the Insurance Department, and without legislative

18 appropriation. Warrants for expenditures from the revolving fund

19 shall be drawn by the State Treasurer, based on claims signed by an

20 authorized employee or employees of the Insurance Department and

21 filed with the Director of the Office of State Finance.

22 B. All funds collected by the Insurance Commissioner shall be

23 paid into the State Treasury weekly.

1 C. After ~~the effective date of this act~~ November 1, 2010, the
2 State Treasury is authorized and directed to deduct from the funds
3 paid or collected by the Insurance Commissioner ~~a sum equal to~~
4 ~~seventy-six and one-half percent (76.5%)~~ all funds in excess of
5 twenty-eight and one-half percent (28.5%) of the payment and place
6 the same to the credit of the General Revenue Fund of the state.
7 The State Treasurer shall place to the credit of the State Insurance
8 Commissioner Revolving Fund the remainder of the funds so paid ~~and~~
9 or collected by the Insurance Commissioner.

10 SECTION 3. AMENDATORY 36 O.S. 2011, Section 321, is
11 amended to read as follows:

12 Section 321. A. ~~The Insurance Commissioner shall collect in~~
13 ~~advance the following fees and licenses~~ Unless the Insurance
14 Commissioner has set forth a fee as provided for in this subsection
15 through the promulgation of a rule, the following fees and licenses
16 shall be collected in advance by the Commissioner:

- 17 1. For filing charter documents:
18 Original charter documents,
19 articles of incorporation, bylaws,
20 or record of organization of alien
21 or foreign insurers, or certified
22 copies thereof.....\$50.00
- 23 2. Certificate of Authority:

- 1 (a) Issuance:
- 2 Fraternal benefit societies,
- 3 alien or foreign.....\$150.00
- 4 Hospital service and medical
- 5 indemnity corporations, alien
- 6 or foreign.....\$150.00
- 7 All other alien or foreign
- 8 insurers.....\$150.00
- 9 (b) Renewal:
- 10 Fraternal benefit societies,
- 11 alien or foreign.....\$150.00
- 12 Hospital service and medical
- 13 indemnity corporations, alien
- 14 or foreign.....\$150.00
- 15 All other alien or foreign
- 16 insurers.....\$150.00
- 17 3. For filing appointment of Insurance
- 18 Commissioner as agent for service
- 19 of process.....\$10.00
- 20 4. Miscellaneous:
- 21 (a) Copies of records, per page.....\$0.40
- 22 (b) Amended charter documents,
- 23 articles of incorporation or

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1	bylaws of domestic, alien or	
2	foreign insurers or health	
3	maintenance organizations.....	\$50.00
4	(c) Certificate of Commissioner,	
5	under seal.....	\$5.00
6	(d) For filing Merger and	
7	Acquisition Forms.....	\$1,000.00
8	(e) For filing Variable Product	
9	Forms.....	\$200.00
10	(f) For filing a Life, Accident	
11	and Health Policy and Health	
12	Maintenance Organization	
13	contract.....	\$50.00
14	(g) For filing an advertisement or	
15	rider application to a Life,	
16	Accident and Health Policy and	
17	Health Maintenance	
18	Organization contract.....	\$25.00
19	(h) Pending Company Review.....	\$1,000.00
20	(i) For filing a Viatical	
21	Settlement Contract or Life	
22	Settlement.....	\$50.00

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~~Strike thru~~ language denotes deletion from present Statutes.

- 1 (j) For filing an advertisement
- 2 for Viatical Settlement or
- 3 Life Settlement.....\$25.00
- 4 (k) For filing application for
- 5 Viatical Settlement or Life
- 6 Settlement Contract.....\$25.00
- 7 (l) Miscellaneous form filing.....\$25.00

8 B. ~~There~~ Unless the Commissioner has set forth a fee as
 9 provided for in this subsection through the promulgation of a rule,
 10 there shall be assessed an annual fee of Five Hundred Dollars
 11 (\$500.00) payable by each insurer, health maintenance organization,
 12 fraternal benefit society, hospital service and medical indemnity
 13 corporation, charitable and benevolent corporation, or United States
 14 surplus lines insurance companies licensed to do business in this
 15 state, to pay for the filing, processing, and reviewing of annual
 16 and quarterly financial statements by personnel of the Office of the
 17 State Insurance Commissioner.

18 SECTION 4. AMENDATORY 36 O.S. 2011, Section 348.1, is
 19 amended to read as follows:

20 Section 348.1 A. ~~The Insurance~~ Unless the Insurance
 21 Commissioner has set forth a fee as provided for in this section
 22 through the promulgation of a rule, the Commissioner shall collect

1 the following fees and licenses for the Property and Casualty
2 Division:

3 1. Rating organizations, statistical agents and advisory
4 organizations:

- 5 a. Application fee for issuance of
6 license.....\$200.00
- 7 b. License fee.....\$500.00

8 2. Miscellaneous:

- 9 a. Certificate of Insurance Commissioner,
10 under seal.....\$20.00

- 11 b. Upon each transaction of filing of
12 documents required pursuant to the
13 provisions of Sections 3610 and 6601 of
14 this title:

15 (1) For an individual insurer.....\$50.00

- 16 (2) For an approved joint underwriting
17 association, or rating or advisory
18 organization:

19 (a) Basic fee.....\$50.00

- 20 (b) Additional fee for each member
21 or subscriber insurer.....\$10.00,
22 not to exceed.....\$500.00.

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 3. For each rate, loss cost and rule filing request pursuant to
2 the provisions of Sections 6821 and 981 et seq. of this title:

3 a. For an individual insurer.....\$100.00

4 b. For an approved joint underwriting
5 association, rating or advisory
6 organization:

7 (1) Basic fee.....\$100.00

8 (2) Additional fee for each member
9 or subscriber insurer.....\$10.00,
10 not to exceed.....\$500.00.

11 B. The fees, licenses, and taxes imposed by the Commissioner
12 upon persons, firms, associations, or corporations licensed pursuant
13 to this section shall be payment in full with respect thereto of and
14 in lieu of all demands for any and all state, county, district, and
15 municipal license fees, license taxes, business privilege taxes,
16 business privilege fees, and charges of every kind now or hereafter
17 imposed upon all such persons, firms, associations, or corporations.
18 This subsection shall not affect other fees, licenses and taxes
19 imposed by the Insurance Code.

20 C. Any costs incurred by the Commissioner in the process of
21 review and analysis of a filing shall be assessed against the
22 company or organization making the filing.

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 SECTION 5. AMENDATORY 36 O.S. 2011, Section 362, is
2 amended to read as follows:

3 Section 362. ~~An~~ Unless the Insurance Commissioner has set forth
4 a fee as provided for in this subsection through the promulgation of
5 a rule, an annual fee of Seven Hundred Fifty Dollars (\$750.00) shall
6 be paid to the ~~Insurance~~ Commissioner to be expended by the
7 ~~Insurance~~ Commissioner for the purposes of investigation of
8 suspected insurance fraud and civil or administrative action in
9 cases involving suspected insurance fraud. The following shall pay
10 an annual fee of Seven Hundred Fifty Dollars (\$750.00) to the
11 Insurance Department which shall be payable quarterly in the amount
12 of One Hundred Eighty-seven Dollars and fifty cents (\$187.50):
13 Life, accident and health insurers; property and casualty insurers;
14 county mutual fire insurers; mutual benefit associations; fraternal
15 benefit societies; reciprocal insurers; motor service clubs; title
16 insurers; nonprofit insurers; health maintenance organizations
17 (HMOs); service warranty associations; surplus lines carriers;
18 multiple employer welfare arrangements (MEWAs); trusts which write
19 surety policies; prepaid dental plan organizations; and accredited
20 reinsurers. The payments shall be due on or before the last day of
21 the month following each calendar quarter. Beginning in the
22 calendar year 2010, payment of the annual fee shall be made as one
23 payment of Seven Hundred Fifty Dollars (\$750.00) which shall be paid

1 on or before July 1. Within sixty (60) days after each calendar
2 quarter in which monies are collected, the Commissioner shall
3 transfer twenty-five percent (25%) of all monies collected by the
4 Insurance Department pursuant to this section to the Attorney
5 General's Insurance Fraud Unit Revolving Fund created in Section
6 19.3 of Title 74 of the Oklahoma Statutes, for use by the Attorney
7 General in the investigation and prosecution of insurance fraud.

8 SECTION 6. AMENDATORY 36 O.S. 2011, Section 622, is
9 amended to read as follows:

10 Section 622. A. Triplicate copies of legal process against an
11 insurer for whom the Insurance Commissioner is agent shall be served
12 upon the Commissioner at the principal offices of the Insurance
13 Department. When legal process against an insurer for whom the
14 Insurance Commissioner is agent is issued, it shall be served in
15 triplicate by any manner now provided by law or in lieu thereof by
16 mailing triplicate copies of such legal process in the United States
17 mails with postage prepaid to the Insurance Commissioner with return
18 receipt requested, in which event service shall be sufficient upon
19 showing of proof of mailing to the Commissioner with the return
20 receipt attached. ~~At~~ Unless the Insurance Commissioner has set
21 forth a fee as provided for in this subsection through the
22 promulgation of a rule, at the time of service the plaintiff shall
23 pay to the Insurance Commissioner Twenty Dollars (\$20.00), taxable
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1 as costs in the action. Upon receiving service, the Insurance
2 Commissioner shall promptly forward a copy thereof by mail with
3 return receipt requested to the person last so designated by the
4 insurer to receive the same.

5 B. Process served upon the Insurance Commissioner and copy
6 thereof forwarded as provided in this section shall constitute
7 service upon the insurer.

8 SECTION 7. AMENDATORY 36 O.S. 2011, Section 635, is
9 amended to read as follows:

10 Section 635. A. To meet the requirements for issuance of a
11 license and to maintain a MEWA, a MEWA either ~~must~~ shall be:

- 12 1. a. nonprofit,
- 13 b. (1) established by a trade association, industry
14 association or professional association of
15 employers or professionals that has a
16 constitution or bylaws and that has been
17 organized and maintained in good faith for a
18 continuous period of five (5) years for purposes
19 other than that of obtaining or providing
20 insurance, or
- 21 (2) requires membership in an association described
22 in division (1) of this subparagraph in order to
23 obtain the insurance offered by the MEWA,

1 c. operated pursuant to a trust agreement by a board of
2 trustees that has complete fiscal control over the
3 MEWA and that is responsible for all operations of the
4 MEWA. Except as provided in this paragraph, the
5 trustees ~~must~~ shall:

6 (1) be owners, shareholders, partners, officers,
7 directors, or employees of one or more employers
8 in the MEWA. With the Insurance Commissioner's
9 approval, a person who is not such an owner,
10 shareholder, partner, officer, director, or
11 employee may serve as a trustee if that person
12 possesses the expertise required for ~~such~~ the
13 service. A trustee may not be an owner,
14 shareholder, partner, officer or employee of the
15 administrator or service company of the MEWA,

16 (2) have the authority to approve applications of
17 association members for participation in the
18 MEWA, and

19 (3) have the authority to contract with an authorized
20 administrator or service company to administer
21 the operations of the MEWA,

22 d. neither offered nor advertised to the public
23 generally,
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1 e. operated in accordance with sound actuarial
2 principles, and
3 f. offered only after Two Hundred Thousand Dollars
4 (\$200,000.00) of cash or federally guaranteed
5 obligations of less than five-year maturity that have
6 a fixed or recoverable principal amount or ~~such~~ other
7 investments as the Commissioner may authorize by rule
8 is titled in ~~such~~ a manner that it may not be traded,
9 sold or otherwise expended without the consent of the
10 Insurance Commissioner; provided, ~~said~~ the funds shall
11 be taken into account in determining whether the MEWA
12 is actuarially sound, and evidence of ~~said~~ the
13 investment shall be filed with the State Treasurer; or

14 2. a. operated pursuant to a trust agreement for a trust
15 which has its situs in this state, is operated
16 pursuant to a trust agreement by a board of trustees
17 that has complete fiscal control over the MEWA, is
18 responsible for all operations of the MEWA, and which
19 has as one of its trustees a financial institution
20 which is independent of the entity which established
21 the MEWA. Except as provided in this paragraph, the
22 board of trustees ~~must~~ shall have owners,
23 shareholders, partners, officers, directors or
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1 employees of one or more employers in the MEWA. With
2 the Insurance Commissioner's approval, a person who is
3 not such an owner, shareholder, partner, officer,
4 director or employee may serve as a trustee if that
5 person possesses the expertise required for ~~such~~ the
6 service. A trustee shall not be an owner,
7 shareholder, partner, officer, director or employee of
8 the administrator or service company of the MEWA,
9 b. operated and administered in a manner that causes all
10 assets of the MEWA to be held in trust until paid
11 either:
12 (1) for the benefit of individuals who receive
13 medical, dental or similar benefits from the
14 MEWA, or
15 (2) for the expenses of the MEWA, such as the fees of
16 the trustee, licensed agents, administrator,
17 service company, and all expenses of complying
18 with the provisions of ~~this act~~ Section 633 et
19 seq. of this title,
20 c. offered only to employers for the benefit of their
21 employees,
22 d. operated in accordance with sound actuarial
23 principles, and
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1 e. offered only after Two Hundred Thousand Dollars
2 (\$200,000.00) of cash or federally guaranteed
3 obligations of less than five-year maturity that have
4 a fixed or recoverable principal amount or such other
5 investments as the Commissioner may authorize by rule
6 is titled in ~~such~~ a manner that it may not be traded,
7 sold or otherwise expended without the consent of the
8 Insurance Commissioner; provided, ~~said~~ the funds shall
9 be taken into account in determining whether the MEWA
10 is actuarially sound, and evidence of ~~said~~ the
11 investment shall be filed with the State Treasurer.

12 B. 1. The MEWA shall issue to each covered employee a policy,
13 contract, certificate, summary plan description, or other evidence
14 of the benefits and coverages provided. The policy, contract,
15 certificate, summary plan description, or other evidence of the
16 benefits, coverages provided, premium rates to be charged and any
17 contracts between the MEWA and any administrator or service company,
18 including any changes to those documents, ~~must~~ shall be filed with
19 the Oklahoma Insurance Department. The evidence of benefits and
20 coverages provided shall contain, in boldface type on the face page
21 of the policy and the certificate, the following statement: "THE
22 BENEFITS AND COVERAGES DESCRIBED HEREIN ARE PROVIDED THROUGH A TRUST
23 FUND ESTABLISHED BY A GROUP OF EMPLOYERS (name of MEWA). THE TRUST

1 FUND IS NOT SUBJECT TO ANY INSURANCE GUARANTY ASSOCIATION. OTHER
2 RELATED FINANCIAL INFORMATION IS AVAILABLE FROM YOUR EMPLOYER OR
3 FROM THE (name of MEWA). EXCESS INSURANCE IS PROVIDED BY A LICENSED
4 INSURANCE COMPANY TO COVER CERTAIN CLAIMS WHICH EXCEED CERTAIN
5 AMOUNTS. THIS IS THE ONLY SOURCE OF FUNDING FOR THESE BENEFITS AND
6 COVERAGES."

7 2. If applicable, the same documents shall contain in boldface
8 type on the face page of the policy and the certificate: "THE
9 BENEFITS AND COVERAGE DESCRIBED HEREIN ARE FUNDED BY CONTRIBUTIONS
10 FROM EMPLOYERS, EMPLOYEES, AND OTHER INDIVIDUALS ELIGIBLE FOR
11 COVERAGE."

12 3. Any statement required by this subsection is not required on
13 identification cards issued to covered employees or other insureds.

14 C. The Commissioner shall not grant or continue a license to
15 any MEWA if the Commissioner reasonably deems that:

16 1. Any trust, manager or administrator is incompetent,
17 untrustworthy, or so lacking in insurance expertise as to make the
18 operations of the MEWA hazardous to the potential and existing
19 insureds;

20 2. Any trustee, manager or administrator has been found guilty
21 of or has pled guilty or no contest to a felony, a crime involving
22 moral turpitude, or a crime punishable by imprisonment of one (1)
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1 year or more under the law of any state or country, whether or not a
2 judgment or conviction has been entered; or

3 3. Any trustee, manager or administrator has had any type of
4 insurance license justifiably revoked in this or any other state.

5 D. To qualify for and retain a license, a MEWA shall file all
6 contracts with administrators or service companies with the
7 Insurance Commissioner, and report any changes in ~~such~~ the contracts
8 to the Commissioner in advance of their implementation. The
9 Commissioner shall have the authority to cause any contract with an
10 administrator or service company to be renegotiated if the
11 Commissioner reasonably determines that the charges under any such
12 contract are excessively high in light of the services being
13 delivered under the contract.

14 E. ~~Any~~ Unless the Commissioner has set forth a fee as provided
15 for in this subsection through the promulgation of a rule, an
16 initial filing fee of One Thousand Dollars (\$1,000.00) is required
17 for licensure. ~~Each~~ and each subsequent year the MEWA is in
18 operation, an annual fee of Two Hundred Fifty Dollars (\$250.00)
19 shall be required.

20 F. Failure to maintain compliance with the eligibility
21 requirements established by this section ~~is~~ shall be a ground for
22 denial, suspension or revocation of the license of a MEWA.

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1 SECTION 8. AMENDATORY 36 O.S. 2011, Section 1219.4, is
2 amended to read as follows:

3 Section 1219.4 A. As used in this section:

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

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

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

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1 or member and are offered due to coverage with a licensed insurer,
2 group health service, or HMO;

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

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

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

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

18 8. "Medical services" means any care, service or treatment of
19 illness or dysfunction of, or injury to, the human body including,
20 but not limited to, physician care, inpatient care, hospital
21 surgical services, emergency services, ambulance services, dental
22 care services, vision care services, mental health services,
23 substance abuse services, chiropractic services, podiatric care

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1 services, laboratory services, and medical equipment and supplies.
2 The term does not include pharmaceutical supplies or prescriptions;

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

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

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

19 2. ~~To~~ Unless the Insurance Commissioner has set forth a fee as
20 provided for in this paragraph through the promulgation of a rule,
21 to register as a discount medical plan organization, an applicant
22 shall:

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

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

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

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

9 5. ~~Before~~ Unless the Insurance Commissioner has set forth a fee
10 as provided for in this paragraph through the promulgation of a
11 rule, before it expires, a registrant may renew the registration for
12 an additional one-year term if the registrant:

13 a. otherwise is entitled to be registered,

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

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

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

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

- 1 b. fraudulently or deceptively obtains or attempts to
2 obtain a registration for the applicant or registrant
3 or for another,
4 c. in connection with the administration of a health care
5 discount program, commits fraud or engages in illegal
6 or dishonest activities, or
7 d. has violated any provisions of this section.

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

11 8. All amounts collected as registration or renewal fees shall
12 be ~~deposited~~ paid into the ~~General Revenue Fund~~ State Treasury.

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

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

- 1 b. ~~An~~ Unless the Insurance Commissioner has set forth a
2 fee as provided for in this subparagraph through the
3 promulgation of a rule, an affiliate shall register as
4 a discount medical plan organization on a form
5 prescribed by the Insurance Commissioner prior to the
6 sale, marketing or solicitation of a discount medical
7 plan and pay an application fee of One Hundred Dollars
8 (\$100.00).
- 9 c. A registration shall expire one (1) year after the
10 date of registration, and each year on that date
11 thereafter. ~~A~~ Unless the Insurance Commissioner has
12 set forth a fee as provided for in this subparagraph
13 through the promulgation of a rule, a registrant may
14 renew the registration if the registrant pays an
15 annual registration fee of One Hundred Dollars
16 (\$100.00) and remains in good standing with the
17 Insurance Department of the State of Oklahoma.
- 18 d. For purposes of this section, "affiliate" means a
19 person that, directly or indirectly through one or
20 more intermediaries, controls or is controlled by or
21 is under common control with an insurance company,
22 HMO, group health service organization or motor
23 service club licensed in this state.

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

16 2. All work papers, recorded information, documents, books,
17 files, advertising and solicitation materials, copies or other
18 information produced by, obtained by or disclosed to the
19 Commissioner or any other person in the course of an examination or
20 investigation made pursuant to this section or in the course of
21 analysis by the Commissioner or other person, shall be given
22 confidential treatment and may not be made public by the
23 Commissioner or any other person, except to the extent provided in
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1 this section. Access may be granted to the National Association of
2 Insurance Commissioners. The parties shall agree in writing prior to
3 receiving the information to provide to it the same confidential
4 treatment as required by this section, unless the prior written
5 consent of the company to which it pertains has been obtained. The
6 privilege of confidentiality provided for in this paragraph shall
7 not be construed to be extended to identical, similar or other
8 related documents to the work papers that are not deemed to be in
9 the possession, custody or control of the Commissioner.

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

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

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

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

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

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

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

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

21 c. pay providers any fees for medical services.

22 2. A discount medical plan organization may not collect or
23 accept money from a member for payment to a provider for specific

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1 medical services furnished or to be furnished to the member unless
2 the organization has an active license from the Insurance Department
3 of the State of Oklahoma to act as an administrator.

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

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

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

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

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

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

- 17 a. a description of the services and products to be
18 provided at a discount,
- 19 b. the amount or amounts of the discounts or,
20 alternatively, a fee schedule which reflects the
21 health care provider's discounted rates, and
- 22 c. a provision that the health care provider will not
23 charge members more than the discounted rates.

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

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

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

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

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

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

20 2. All forms used, including the written agreement pursuant to
21 the provisions of subsection G of this section, shall first be filed
22 with the Department. Every form filed shall be identified by a
23 unique form number placed in the lower left corner of each form. A
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1 Unless the Insurance Commissioner has set forth a fee as provided
2 for in this paragraph through the promulgation of a rule, a filing
3 fee of Twenty-five Dollars (\$25.00) per form shall be payable to the
4 Insurance Department of the State of Oklahoma ~~for deposit into the~~
5 ~~General Revenue Fund.~~

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

10 2. The Insurance Department of the State of Oklahoma may not
11 allow a registration unless the discount medical plan organization
12 has a net worth of at least One Hundred Fifty Thousand Dollars
13 (\$150,000.00).

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

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

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

18 3. When the certificate of registration of a discount medical
19 plan organization is nonrenewed, surrendered or revoked, ~~such~~ the
20 organization shall proceed, immediately following the effective date
21 of the order of revocation, or in the case of nonrenewal, the date
22 of expiration of the certificate of registration, to wind up its
23 affairs transacted under the certificate of registration. The

1 organization may not engage in any further advertising,
2 solicitation, collecting of fees, or renewal of contracts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 T. If the Insurance Commissioner finds that a discount medical
20 plan organization has violated any provision of this section or that
21 grounds exist for the discretionary revocation or suspension of a
22 registration, the Commissioner, in lieu of ~~such~~ the revocation or
23 suspension, may impose a fine upon the discount medical plan
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1 organization in an amount not to exceed One Thousand Dollars
2 (\$1,000.00) per violation.

3 SECTION 9. AMENDATORY 36 O.S. 2011, Section 1435.23, is
4 amended to read as follows:

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

11 ~~The Insurance~~ Unless the Commissioner has set forth a fee as
12 provided for in this subsection through the promulgation of a rule,
13 the Commissioner shall collect in advance the following fees and
14 licenses:

- 15 1. For filing appointment of Insurance
16 Commissioner as agent for service of process..... \$ 20.00
- 17 2. Miscellaneous:
 - 18 a. Certificate and Clearance of
19 Commissioner..... \$ 3.00
 - 20 b. Insurance producer's study manual:
 - 21 Life, Accident & Health..... not to exceed
22 \$ 40.00
 - 23 Property and Casualty..... not to exceed

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1		\$ 40.00
2	c.	
3	For filing organizational documents of	
4	an entity applying for a license as an	
5	insurance producer.....	\$ 20.00
6	3. Examination for license:	
7	For each examination covering laws	
8	and one or more lines of insurance.... not to exceed	
9		\$100.00
10	4. Licenses:	
11	a.	
12	Insurance producer's biennial license 7	\$ 60.00
13	b.	
14	Nonresident insurance producer's	
15	biennial license.....	\$100.00
16	c.	
17	Insurance producer's biennial license	
18	for sale or solicitation of variable	
19	insurance products.....	\$ 60.00
20	d.	
21	Limited lines producer biennial license 7	\$ 40.00
22	e.	
23	Temporary license as agent.....	\$ 20.00
24	f.	
	Managing general agent's biennial	
	license.....	\$ 60.00
	g.	
	Surplus lines broker's biennial license.....	\$100.00
	h.	
	Insurance vending machine, each machine,	
	biennial fee.....	\$100.00

- 1 i. Insurance consultant's biennial license,
2 resident or nonresident..... \$100.00
3 j. Customer service representative biennial
4 license..... \$ 40.00

5 5. Annual fee for each appointed insurance
6 producer, managing general agent, or limited
7 lines producer by insurer, each license of
8 each insurance producer or representative..... \$ 30.00

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

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

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

16 9. The administrative fee for submission of a change of legal
17 name or address more than thirty (30) days after the change occurred
18 shall be Fifty Dollars (\$50.00).

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

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

4 SECTION 10. AMENDATORY 36 O.S. 2011, Section 1450, is
5 amended to read as follows:

6 Section 1450. A. No person shall act as or present himself or
7 herself to be an administrator, as defined by the provisions of the
8 Third-party Administrator Act, in this state, unless the person
9 holds a valid license as an administrator which is issued by the
10 Insurance Commissioner.

11 B. An administrator shall not be eligible for a nonresident
12 administrator license under this section if the administrator does
13 not hold a home state certificate of authority or license in a state
14 that has adopted the Third-party Administrator Act or that applies
15 substantially similar provisions as are contained in the Third-party
16 Administrator Act to that administrator. If the Third-party
17 Administrator Act in the administrator's home state does not extend
18 to stop-loss insurance, but if the home state otherwise applies
19 substantially similar provisions as are contained in the Third-party
20 Administrator Act to that administrator, then that omission shall
21 not operate to disqualify the administrator from receiving a
22 nonresident administrator license in this state.

1 1. "Home state" means the United States jurisdiction that has
2 adopted the Third-party Administrator Act or a substantially similar
3 law governing third-party administrators and which has been
4 designated by the administrator as its principal regulator. The
5 administrator may designate either its state of incorporation or its
6 principal place of business within the United States if that
7 jurisdiction has adopted the Third-party Administrator Act or a
8 substantially similar law governing third-party administrators. If
9 neither the administrator's state of incorporation nor its principal
10 place of business within the United States has adopted the Third-
11 party Administrator Act or a substantially similar law governing
12 third-party administrators, then the third-party administrator shall
13 designate a United States jurisdiction in which it does business and
14 which has adopted the Third-party Administrator Act or a
15 substantially similar law governing third-party administrators. For
16 purposes of this definition, "United States jurisdiction" means the
17 District of Columbia or a state or territory of the United States.

18 2. "Nonresident administrator" means a person who is applying
19 for licensure or is licensed in any state other than the
20 administrator's home state.

21 C. In the case of a partnership which has been licensed, each
22 general partner shall be named in the license and shall qualify
23 therefore as though an individual licensee. ~~The~~ Unless the

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1 Commissioner has set forth a fee as provided for in this subsection
2 through the promulgation of a rule, the Commissioner shall charge a
3 full additional license fee and a separate license shall be issued
4 for each individual so named in ~~such a~~ the license. The partnership
5 shall notify the Commissioner within fifteen (15) days if any
6 individual licensed on its behalf has been terminated, or is no
7 longer associated with or employed by the partnership. Any entity
8 or partnership licensed as administrators under the Third-party
9 Administrators Act shall provide National Association of Insurance
10 Commissioner Biographical Affidavits as required for domestic
11 insurers pursuant to the insurance laws of this state.

12 D. ~~An~~ Unless the Commissioner has set forth a fee as provided
13 for in this subsection through the promulgation of a rule, an
14 application for an administrator's license shall be in a form
15 prescribed by the Commissioner and shall be accompanied by a fee of
16 One Hundred Dollars (\$100.00). This fee shall not be refundable if
17 the application is denied or refused for any reason by either the
18 applicant or the Commissioner.

19 E. The administrator's license shall continue in force no
20 longer than twelve (12) months from the original month of issuance.
21 ~~Upon~~ Unless the Commissioner has set forth a fee as provided for in
22 this subsection through the promulgation of a rule, upon filing a
23 renewal form prescribed by the Commissioner, accompanied by a fee of
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1 One Hundred Dollars (\$100.00), the license may be renewed annually
2 for a one-year term. Late application for renewal of a license
3 shall require a fee of double the amount of the original license
4 fee. The administrator shall submit, together with the application
5 for renewal, a list of the names and addresses of the persons with
6 whom the administrator has contracted in accordance with Section
7 1443 of this title. The Commissioner shall hold this information
8 confidential except as provided in Section 1443 of this title.

9 F. The administrator's license shall be issued or renewed by
10 the Commissioner unless, after notice and opportunity for hearing,
11 the Commissioner determines that the administrator is not competent,
12 trustworthy, or financially responsible, or has had any insurance
13 license denied for cause by any state, has been convicted or has
14 pleaded guilty or nolo contendere to any felony or to a misdemeanor
15 involving moral turpitude or dishonesty.

16 G. After notice and opportunity for hearing, and upon
17 determining that the administrator has violated any of the
18 provisions of the Oklahoma Insurance Code or upon finding reasons
19 for which the issuance or nonrenewal of ~~such~~ a license could have
20 been denied, the Commissioner may either suspend or revoke an
21 administrator's license or assess a civil penalty of not more than
22 Five Thousand Dollars (\$5,000.00) for each occurrence. The payment
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1 of the penalty may be enforced in the same manner as civil judgments
2 may be enforced.

3 H. Any person who is acting as or presenting himself or herself
4 to be an administrator without a valid license shall be subject,
5 upon conviction, to a fine of not less than One Thousand Dollars
6 (\$1,000.00) nor more than Ten Thousand Dollars (\$10,000.00) for each
7 occurrence. This fine shall be in addition to any other penalties
8 which may be imposed for violations of the Oklahoma Insurance Code
9 or other laws of this state.

10 I. Except as provided for in subsections F and G of this
11 section, any person convicted of violating any provisions of the
12 Third-party Administrator Act shall be guilty of a misdemeanor and
13 shall be subject to a fine of not more than One Thousand Dollars
14 (\$1,000.00).

15 SECTION 11. AMENDATORY 36 O.S. 2011, Section 1661, is
16 amended to read as follows:

17 Section 1661. ~~The~~ Unless the Insurance Commissioner has set
18 forth a fee as provided for in this section through the promulgation
19 of a rule, the initial fee for registration required by the
20 provisions of Section 1654 of this title shall be Two Hundred Fifty
21 Dollars (\$250.00) and an additional fee of One Hundred Dollars
22 (\$100.00) shall be payable on May 1 of each calendar year thereafter
23 so long as such registration continues.

1 SECTION 12. AMENDATORY 36 O.S. 2011, Section 3102, is
2 amended to read as follows:

3 Section 3102. A. No company shall sell, or offer for sale, any
4 motor club service without first having deposited with the Insurance
5 Commissioner the sum of Fifty Thousand Dollars (\$50,000.00), in cash
6 or securities approved by the Commissioner, or, in lieu thereof, a
7 corporate surety bond, approved by the Commissioner, in the form
8 described by the Commissioner, payable to the State of Oklahoma, in
9 the sum of One Hundred Thousand Dollars (\$100,000.00), and
10 conditioned upon the faithful performance in the sale or rendering
11 of motor club service and payment of any fines or penalties levied
12 against it for failure to comply with the provisions of ~~this act~~
13 Section 3101 et seq. of this title. Provided, however, that the
14 aggregate liability of the surety for all breaches of the conditions
15 of the bond and for the payment of all fines and penalties shall, in
16 no event, exceed the amount of ~~said~~ the bond.

17 B. No Certificate of Authority shall be issued by the
18 Commissioner until the company has filed with ~~him~~ the Commissioner
19 the following:

20 1. A formal application for the certificate in ~~such~~ the form
21 and detail as the Commissioner requires, executed under oath by its
22 president or another principal officer of the company;

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1 2. A certified copy of its charter or articles of incorporation
2 and its bylaws, if any;

3 3. A certificate from the Secretary of State, State of
4 Oklahoma, in the event that it is a domestic corporation, signifying
5 that the company is in compliance with the corporation laws of the
6 State of Oklahoma;

7 4. A copy of its latest financial statement, or report of
8 independent audit, as the Commissioner may require; or, in the event
9 that neither is available, its most recent audited and certified
10 operating statement and balance sheet. Any ~~such~~ certified operating
11 statement, audit or audited and certified operating statement and
12 balance sheet shall be verified by the person compiling or making
13 the same and by an executive officer of the applicant;

14 5. A certificate from its domiciliary state regulatory
15 authority, in the event that it is a foreign corporation, to be
16 executed not more than thirty (30) days before the filing of its
17 application, signifying that it is duly authorized to do motor club
18 business in that state;

19 6. An explanation of its plan of doing business and copies of
20 the following:

- 21 a. its application for membership,
- 22 b. the proposed membership certificate or identification
23 card and any proposed addendum thereto,

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1 c. any individual insurance policy and any group master
2 policy and individual certificates thereunder to be
3 offered, and

4 d. any service contract to be issued; and

5 7. ~~Such~~ Any other information as the Commissioner may find
6 necessary in order to determine the applicant's qualifications.

7 C. ~~No~~ Unless the Commissioner has set forth a fee as provided
8 for in this subsection through the promulgation of a rule, no
9 Certificate of Authority shall be issued by the Commissioner until
10 the company has:

11 1. Paid an initial filing fee of Two Hundred Fifty Dollars
12 (\$250.00) ~~to the General Fund of the State of Oklahoma;~~

13 2. Paid an annual license fee of One Hundred Dollars (\$100.00)
14 ~~to the General Fund of the State of Oklahoma;~~

15 3. Had its name approved by the Commissioner under the
16 provisions of ~~Title 36 of the Oklahoma Statutes,~~ Sections 620 and
17 2104 of this title, the provisions of which are hereby made
18 applicable to motor clubs;

19 4. Proved by affidavits of its officers, directors, managers
20 and individual owners of more than ten percent (10%), on a form
21 prescribed by the Commissioner, that it is not disqualified under
22 any provisions contained in ~~this act~~ Section 3101 et seq. of this
23 title or contained in the Insurance Code; and

1 5. Proved to the Commissioner's satisfaction that it is a
2 separate legal entity capable of being examined by the Commissioner
3 as provided in ~~this act~~ Section 3101 et seq. of this title.

4 D. Certificates of authority issued hereunder shall expire
5 annually on July 1, unless sooner revoked or suspended, as
6 hereinafter provided.

7 SECTION 13. AMENDATORY 36 O.S. 2011, Section 4055.3, is
8 amended to read as follows:

9 Section 4055.3 A. 1. A person shall not operate as a viatical
10 settlement provider or viatical settlement broker without first
11 obtaining a license from the Insurance Commissioner of the state of
12 residence of the viator.

13 2. a. A life insurance producer who has been duly licensed
14 as a resident insurance producer with a life line of
15 authority in this state or his or her home state for
16 at least one (1) year and is licensed as a nonresident
17 producer in this state shall be deemed to meet the
18 licensing requirements of this section and shall be
19 permitted to operate as a viatical settlement broker.

20 b. Not later than thirty (30) days from the first day of
21 operating as a viatical settlement broker, the life
22 insurance producer shall notify the Commissioner that
23 he or she is acting as a viatical settlement broker on
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1 a form prescribed by the Commissioner, and shall pay
2 any applicable fee to be determined by the
3 Commissioner. Notification shall include an
4 acknowledgement by the life insurance producer that he
5 or she will operate as a viatical settlement broker in
6 accordance with the Viatical Settlements Act of 2008.

7 c. The insurer that issued the policy being viaticated
8 shall not be responsible for any act or omission of a
9 viatical settlement broker or viatical settlement
10 provider arising out of or in connection with the
11 viatical settlement transaction, unless the insurer
12 receives compensation for the placement of a viatical
13 settlement contract from the viatical settlement
14 provider or viatical settlement broker in connection
15 with the viatical settlement contract.

16 3. A person licensed as an attorney, certified public
17 accountant or financial planner accredited by a nationally
18 recognized accreditation agency, who is retained to represent the
19 viator, whose compensation is not paid directly or indirectly by the
20 viatical settlement provider, may negotiate viatical settlement
21 contracts on behalf of the viator without having to obtain a license
22 as a viatical settlement broker.

1 B. Application for a viatical settlement provider or a viatical
2 settlement broker license shall be made to the Commissioner by the
3 applicant on a form prescribed by the Commissioner. ~~The~~ Unless the
4 Commissioner has set forth a fee as provided for in this subsection
5 through the promulgation of a rule, the application shall be
6 accompanied by a fee of Five Hundred Dollars (\$500.00).

7 C. ~~Licenses~~ Unless the Commissioner has set forth a fee as
8 provided for in this subsection through the promulgation of a rule,
9 licenses may be renewed from year to year on the anniversary date
10 upon payment of the annual renewal fees of Five Hundred Dollars
11 (\$500.00). Failure to pay the fees by the renewal date results in
12 expiration of the license.

13 D. The applicant shall provide information on forms required by
14 the Commissioner. The Commissioner shall have authority, at any
15 time, to require the applicant to fully disclose the identity of all
16 stockholders, partners, officers, members and employees, and the
17 Commissioner may, in the exercise of the Commissioner's discretion,
18 refuse to issue a license in the name of a legal entity if not
19 satisfied that any officer, employee, stockholder, partner or member
20 thereof who may materially influence the applicant's conduct meets
21 the standards of the Viatical Settlements Act of 2008.

22 E. A license issued to a legal entity authorizes all partners,
23 officers, members and designated employees to act as viatical
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1 settlement providers, viatical settlement brokers as applicable,
2 under the license, and all those persons shall be named in the
3 application and any supplements to the application.

4 F. Upon the filing of an application and the payment of the
5 license fee, the Commissioner shall make an investigation of each
6 applicant and issue a license if the Commissioner finds that the
7 applicant:

8 1. If a viatical settlement provider, has provided a detailed
9 plan of operation;

10 2. Is competent and trustworthy and intends to act in good
11 faith in the capacity involved by the license applied for;

12 3. Has a good business reputation and has had experience,
13 training or education so as to be qualified in the business for
14 which the license is applied for;

15 4. a. If a viatical settlement provider, has demonstrated
16 evidence of financial responsibility in a format
17 prescribed by the Commissioner, through a surety bond
18 executed and issued by an insurer authorized to issue
19 surety bonds in this state, a policy of errors and
20 omissions insurance, or a deposit of cash,
21 certificates of deposit or securities or any
22 combination thereof in an amount not to exceed Fifty
23 Thousand Dollars (\$50,000.00), or

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1 b. If a viatical settlement broker, has demonstrated
2 evidence of financial responsibility in a format
3 prescribed by the Commissioner, through a surety bond
4 executed and issued by an insurer authorized to issue
5 surety bonds in this state, a policy of errors and
6 omissions insurance, or a deposit of cash,
7 certificates of deposit or securities or any
8 combination thereof in an amount not to exceed Fifty
9 Thousand Dollars (\$50,000.00), or

10 c. The Commissioner may ask for evidence of financial
11 responsibility at any time the Commissioner deems
12 necessary;

13 5. If a legal entity, provides a certificate of good standing
14 from the state of its domicile; and

15 6. If a viatical settlement provider or viatical settlement
16 broker, has provided an antifraud plan that meets the requirements
17 of subsection G of Section ~~13 of Enrolled Senate Bill No. 1980 of~~
18 ~~the 2nd Session of the 51st Oklahoma Legislature~~ 4055.13 of this
19 title.

20 G. The Commissioner shall not issue a license to a nonresident
21 applicant, unless a written designation of an agent for service of
22 process is filed and maintained with the Commissioner, or the
23 applicant has filed with the Commissioner the applicant's written

1 irrevocable consent that any action against the applicant may be
2 commenced against the applicant by service of process on the
3 Commissioner.

4 H. A viatical settlement provider, viatical settlement broker
5 or viatical settlement investment agent shall provide to the
6 Commissioner new or revised information about officers, ten percent
7 (10%) or more stockholders, partners, directors, members or
8 designated employees within thirty (30) days of the change.

9 I. An individual licensed as a viatical settlement broker shall
10 complete on a biennial basis eight (8) hours of training related to
11 viatical settlements and viatical settlement transactions, as
12 required by the Commissioner; provided, however, that a life
13 insurance producer who is operating as a viatical settlement broker
14 pursuant to paragraph 2 of subsection A of this section shall not be
15 subject to the requirements of this subsection. Any person failing
16 to meet the requirements of this subsection shall be subject to the
17 penalties imposed by the Commissioner.

18 SECTION 14. AMENDATORY 36 O.S. 2011, Section 6124, is
19 amended to read as follows:

20 Section 6124. A. ~~Each~~ Unless the Insurance Commissioner has
21 set forth a fee as provided for in this subsection through the
22 promulgation of a rule, each organization desiring to accept money
23 or anything of value for prepaid funeral benefits or an agreement to
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1 provide funeral benefits in the future at a fixed or predetermined
2 cost, shall file an application for a permit with the Insurance
3 Commissioner, and shall at the time of filing an application pay one
4 initial filing fee of Fifty Dollars (\$50.00). The Insurance
5 Commissioner shall issue a permit upon:

6 1. The receipt of the application and payment of the filing
7 fee;

8 2. Determination that the organization is in good standing as a
9 funeral establishment with the Oklahoma Funeral Board; and

10 3. Making a finding that the organization has complied with the
11 rules promulgated under ~~this act~~ Section 6121 et seq. of this title
12 by the Insurance Commissioner. All applications shall be signed by
13 the organization requesting the permit, and shall contain a
14 statement that the organization ~~will~~ shall comply with all the
15 requirements as established by ~~this act~~ Section 6121 et seq. of this
16 title. ~~All~~ Unless the Insurance Commissioner has set forth a fee as
17 provided for in this subsection through the promulgation of a rule,
18 all permits shall expire on December 31 of the year the permit is
19 first issued, unless renewed; permits may be renewed for a period
20 not to exceed the succeeding December 31 upon the payment of a
21 renewal fee of Fifty Dollars (\$50.00). Late application for renewal
22 of a permit shall require a fee of double the renewal fee. No
23 application for renewal of a permit shall be accepted after January
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1 31 of each year. The Insurance Commissioner may authorize
2 acceptance of a new permit application pursuant to this section
3 prior to the expiration of the one-year period upon good cause
4 shown.

5 B. The Insurance Commissioner may cancel a permit or refuse to
6 issue a permit or refuse to issue a renewal of a permit for failure
7 to comply with any provision of ~~this act~~ Section 6121 et seq. of
8 this title, or any valid rule, which the Insurance Commissioner has
9 promulgated, after reasonable notice to the organization and after
10 hearing if the organization requests a hearing. When the Insurance
11 Commissioner cancels a permit or refuses to issue a renewal of a
12 permit for a violation as provided by this subsection, the Insurance
13 Commissioner shall notify the Oklahoma Funeral Board of the action
14 and the nature of any violations.

15 C. No organization shall be entitled to a new permit for a
16 period of one (1) year after cancellation, or refusal by the
17 Insurance Commissioner to renew the permit of the organization but
18 shall thereafter be entitled to a new permit upon satisfactory proof
19 of compliance with this law, after the expiration of the one-year
20 period.

21 D. Any person or organization aggrieved by the actions of the
22 Insurance Commissioner may appeal therefrom as provided by Article
23 II of the Administrative Procedures Act.

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1 SECTION 15. AMENDATORY 36 O.S. 2011, Section 6128, is
2 amended to read as follows:

3 Section 6128. Each organization shall file an annual report
4 with the Insurance Commissioner on or before March 15 of each year
5 in such form as the Insurance Commissioner may require, showing the
6 names and addresses of all persons with whom contracts for prepaid
7 funeral benefits have been made prior to December 31 of the
8 preceding year which had not been fully discharged on December 31
9 and, also showing the date of the contract, the name of the bank or
10 depository holding the trust fund and the amount of the trust fund
11 under each contract on the preceding December 31. Any organization
12 which has discontinued the sale of prepaid funeral benefits, but
13 which still has outstanding contracts, shall not be required to
14 obtain a renewal of its permit, but it shall continue to make annual
15 reports to the Insurance Commissioner until all such contracts have
16 been fully discharged. ~~A~~ Unless the Insurance Commissioner has set
17 forth a fee as provided for in this subsection through the
18 promulgation of a rule, a filing fee of Fifty Dollars (\$50.00) shall
19 accompany each report. If any officer of any organization fails or
20 refuses to file an annual report, or to cause it to be filed within
21 thirty (30) days after ~~he~~ the officer has been notified by the
22 Insurance Commissioner that the report is due and has not been

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UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 received, ~~he~~ the officer shall be guilty of a misdemeanor and shall
2 be punished as prescribed in Section 6130 of this title.

3 SECTION 16. AMENDATORY 36 O.S. 2011, Section 6144, is
4 amended to read as follows:

5 Section 6144. A. An application for a certificate of authority
6 to operate as a prepaid dental plan organization shall be filed with
7 the Insurance Commissioner in a form prescribed by the Commissioner.
8 The application shall be verified by an officer or authorized
9 representative of the applicant, and shall set forth or be
10 accompanied by:

11 1. A copy of any basic organizational document of the applicant
12 such as the articles of incorporation, articles of association,
13 partnership agreement, trust agreement, or other applicable
14 documents, with all amendments to such documents;

15 2. A copy of any bylaws, rules or regulations, or similar
16 documents regulating the conduct of the internal affairs of the
17 applicant;

18 3. A list of the names, addresses, and official positions of
19 the persons who are responsible for the conduct of the business
20 affairs of the applicant, including all members of the board of
21 directors, board of trustees, executive committee or other governing
22 board or committee, and the principal officers in the case of a
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1 corporation, and the partners or members in the case of a
2 partnership or association;

3 4. A copy of any contract made or to be made between any
4 providers of dental services or persons listed in paragraph 3 of
5 this subsection and the applicant;

6 5. A statement generally describing the prepaid dental plan
7 organization, all prepaid dental plans offered by ~~said~~ the
8 organizations, and facilities, and personnel;

9 6. A copy of the form of individual or group membership
10 coverage or a copy of the contract to be issued to the members;

11 7. Financial statements showing assets, liabilities, and
12 sources of financial support of the applicant. If the financial
13 affairs of the applicant are audited by independent certified public
14 accountants, a copy of the most recent regular certified financial
15 statement for the applicant shall satisfy this requirement unless
16 the Commissioner determines that additional or more recent financial
17 information is required;

18 8. A description of the proposed method of marketing the
19 prepaid dental plan, a financial prospectus which includes a three-
20 year projection of the initial operating results anticipated, and a
21 statement as to the sources of working capital available for the
22 operation of the prepaid dental plan as well as any other sources of
23 funding;

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1 9. A power of attorney, duly executed by ~~said~~ the applicant if
2 not domiciled in this state appointing the Commissioner, as the true
3 and lawful representative for service of process for ~~said~~ the
4 applicant in this state, upon whom all lawful process in any legal
5 action or proceeding against the prepaid dental plan organization on
6 a cause of action arising in this state may be served;

7 10. A Unless the Commissioner has set forth a fee as provided
8 for in this subsection through the promulgation of a rule, a fee of
9 One Hundred Dollars (\$100.00) for issuance of a certificate of
10 authority; and

11 11. Such other information as the Commissioner may require.

12 B. Within ten (10) days following any ~~said~~ modification of
13 information previously furnished as required by subsection A of this
14 section, a prepaid dental plan organization shall file notice of
15 ~~said~~ the modification with the Commissioner.

16 SECTION 17. AMENDATORY 36 O.S. 2011, Section 6145, is
17 amended to read as follows:

18 Section 6145. A. Issuance of a certificate of authority for a
19 prepaid dental plan organization shall be granted by the Insurance
20 Commissioner if the Commissioner is satisfied that the following
21 conditions are met:

22 1. The persons responsible for conducting the business affairs
23 of the prepaid dental plan organization are competent and
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1 trustworthy and are professionally capable of providing or arranging
2 for the provision of services offered; ~~and~~

3 2. The prepaid dental plan organization constitutes an
4 appropriate mechanism to achieve an effective prepaid dental plan;
5 ~~and~~

6 3. Each officer, responsible for conducting the business
7 affairs of the prepaid dental plan organization, has filed with the
8 Commissioner a fidelity bond in the amount of Fifty Thousand Dollars
9 (\$50,000.00), ~~said~~ the bond to be subject to the approval of the
10 Commissioner; and

11 4. The financial structure of the prepaid dental plan
12 organization may reasonably be expected to meet obligations for
13 payment of services for members and prospective members. In making
14 this determination the Commissioner may consider:

15 a. the financial soundness of the arrangements made
16 pursuant to the provisions of the prepaid dental plan
17 for services and the schedule of charges used; ~~and,~~

18 b. any agreement with an insurer, a hospital, a medical
19 service corporation, or any other organization for
20 ensuring the payment of prepaid dental services; ~~and,~~

21 c. provisions in the plan for automatic coverage of
22 dental service if the prepaid dental plan is
23 discontinued; ~~,~~ and

24

1 d. the sufficiency of the agreement for prepaid dental
2 services with providers of dental services.

3 B. A certificate of authority shall expire at midnight on June
4 30, following the date of issuance or last renewal date. ~~If~~ Unless
5 the Commissioner has set forth a fee as provided for in this
6 subsection through the promulgation of a rule, if the prepaid dental
7 plan organization remains in compliance with the provisions of the
8 Prepaid Dental Plan Act and pays a renewal fee of One Hundred
9 Dollars (\$100.00), the certificate of authority of ~~said~~ the plan may
10 be renewed. The renewal fee shall be deposited in the State
11 Insurance Commissioner Revolving Fund.

12 SECTION 18. AMENDATORY 36 O.S. 2011, Section 6209, is
13 amended to read as follows:

14 Section 6209. A. Each examination for a license as an adjuster
15 shall be prescribed by the Insurance Commissioner and shall be of
16 sufficient scope to reasonably test the knowledge of the applicant
17 as to the kinds of insurance contracts which may be dealt with in
18 accordance with the license applied for, the duties and
19 responsibilities of insurers pursuant to said contracts and pursuant
20 to the laws of this state applicable to the adjusting claims of
21 losses in accordance with the license applied for.

22 B. An applicant for a license as an adjuster may qualify in any
23 one of the following classes of insurance or combinations thereof,
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1 and the license when issued may be limited to cover adjusting in any
2 one of the following classes of insurance or combinations thereof.
3 The application for a license shall specify which of the following
4 classes of business the application and license are to cover:

5 1. Property, including but not limited to marine, inland
6 marine, aircraft and damages to all land motor vehicles and trailers
7 whether or not covered by first party physical damage coverages or
8 property damage liability coverages; or

9 2. Casualty, meaning all lines of liability insurance coverages
10 for bodily injuries, personal injury, and property damages; or

11 3. Workers' compensation; or

12 4. Crime and fidelity bonds; or

13 5. Crop/hail; or

14 6. Multi-peril crop.

15 C. ~~The~~ Unless the Commissioner has set forth a fee as provided
16 for in this subsection through the promulgation of a rule, the
17 Commissioner shall prepare and make available to applicants a manual
18 of instructions stating in general terms the subjects which may be
19 covered in any examination for a license as an adjuster. The
20 Commissioner may charge a reasonable amount not to exceed Forty
21 Dollars (\$40.00) for the study manual.

22 SECTION 19. AMENDATORY 36 O.S. 2011, Section 6212, is
23 amended to read as follows:

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1 Section 6212. A. ~~The Insurance~~ Unless the Insurance
2 Commissioner has set forth a fee as provided for in this subsection
3 through the promulgation of a rule, the Commissioner or an
4 administrator approved by the ~~Insurance~~ Commissioner shall collect a
5 fee of Twenty Dollars (\$20.00) for an examination for an adjuster's
6 license in any of the following single classes of business. The fee
7 for any examination which includes two or more classes of business
8 shall not exceed Forty Dollars (\$40.00). The classes of business
9 are:

- 10 1. Motor vehicle physical damage;
- 11 2. Fire and allied lines (property);
- 12 3. Casualty;
- 13 4. Workers' compensation;
- 14 5. Crime and fidelity bonds; and
- 15 6. Crop/hail.

16 B. ~~The~~ Unless the Commissioner has set forth a fee as provided
17 for in this subsection through the promulgation of a rule, the
18 Commissioner shall collect the following fees for an adjuster's
19 license:

- 20 1. For a license in any single class of business, every two (2)
21 years, Thirty Dollars (\$30.00);
- 22 2. For a license in any combination of two or more classes of
23 business, every two (2) years, Fifty Dollars (\$50.00);

1 3. Public adjuster, every two (2) years, Thirty Dollars
2 (\$30.00);

3 4. Emergency adjuster, as provided for in Section 6218 of this
4 title, each year, Fifteen Dollars (\$15.00); and

5 5. Apprentice adjuster, as provided for in Section 6204.1 of
6 this title, Twenty Dollars (\$20.00).

7 C. The fees prescribed in this section shall accompany the
8 application for an original license or a renewal of a license.

9 D. The fee for the original license or renewal license shall be
10 collected in advance of issuance. Late application for renewal
11 shall require a fee of double the amount of the original license
12 fee.

13 E. The Commissioner may issue a duplicate license for any lost,
14 stolen, or destroyed license issued pursuant to the provisions of
15 the Insurance Adjusters Licensing Act if an affidavit is submitted
16 by the licensee to the Commissioner concerning the facts of ~~such~~ the
17 loss, theft, or destruction. The affidavit shall be in a form
18 prescribed by the Commissioner. The fee for a duplicate license
19 shall be one-half (1/2) the fee of the license.

20 F. Licensees shall inform by any means acceptable to the
21 Commissioner of a change of legal name, address or e-mail address
22 within thirty (30) days of the change to permit the Commissioner to
23 give proper notice to licensees. A Unless the Insurance Commissioner
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1 has set forth a fee as provided for in this section through the
2 promulgation of a rule, a change in legal name or address submitted
3 more than thirty (30) days after the change shall include an
4 administrative fee of Fifty Dollars (\$50.00). Failure to provide
5 acceptable notification of a change of legal name or address to the
6 Commissioner within forty-five (45) days of the date the
7 administrative fee is assessed shall result in penalties pursuant to
8 subsection B of Section 6220 of this title.

9 SECTION 20. AMENDATORY 36 O.S. 2011, Section 6465, is
10 amended to read as follows:

11 Section 6465. ~~There~~ Unless the Insurance Commissioner has set
12 forth a fee as provided for in this section through the promulgation
13 of a rule, there shall be collected, at the time of filing of
14 information for a risk retention group, a fee payable annually, of
15 Four Hundred Dollars (\$400.00). In addition, risk retention groups
16 chartered for domicile in this state shall pay the same fees
17 applicable to insurers in this state.

18 ~~Purchasing~~ Unless the Commissioner has set forth a fee as
19 provided for in this section through the promulgation of a rule,
20 purchasing groups shall pay annually at the time of registration, a
21 fee of Four Hundred Dollars (\$400.00).

22 SECTION 21. AMENDATORY 36 O.S. 2011, Section 6470.3, is
23 amended to read as follows:

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1 Section 6470.3 A. A captive insurance company, when permitted
2 by its articles of incorporation or charter, may apply to the
3 Insurance Commissioner for a license to do any and all insurance,
4 except workers' compensation insurance, authorized by ~~Title 36 of~~
5 ~~the Oklahoma Statutes~~ this title; however:

6 1. A pure captive insurance company may not insure any risks
7 other than those of its parent, affiliated companies, controlled
8 unaffiliated business, or a combination thereof;

9 2. An association captive insurance company may not insure any
10 risks other than those of the member organizations of its
11 association and their affiliated companies;

12 3. An industrial insured captive insurance company may not
13 insure any risks other than those of the industrial insureds that
14 comprise the industrial insured group and their affiliated
15 companies;

16 4. A special purpose captive insurance company may only insure
17 the risks of its parent. Notwithstanding any other provisions of
18 the Oklahoma Captive Insurance Company Act, a special purpose
19 captive insurance company may provide insurance or reinsurance, or
20 both, for risks as approved by the Insurance Commissioner;

21 5. A captive insurance company may not provide personal motor
22 vehicle or homeowner's insurance coverage or any component of these
23 coverages; and

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1 6. A captive insurance company may not accept or cede
2 reinsurance except as provided in Section 6470.16 of this title.

3 B. To conduct insurance business in this state a captive
4 insurance company shall:

5 1. Obtain from the Insurance Commissioner a license authorizing
6 it to conduct insurance business in this state;

7 2. Hold at least one board of directors meeting, or in the case
8 of a reciprocal insurer, a subscriber's advisory committee meeting,
9 each year in this state;

10 3. Maintain its principal place of business in this state, or
11 in the case of a branch captive insurance company, maintain the
12 principal place of business for its branch operations in this state;
13 and

14 4. Appoint a resident registered agent to accept service of
15 process and to otherwise act on its behalf in this state. The agent
16 shall be licensed by the Oklahoma Insurance Department as a licensed
17 third-party administrator or managing general agent and maintain its
18 principal place of business in this state. In the case of a captive
19 insurance company:

20 a. formed as a corporation, whenever the registered agent
21 cannot with reasonable diligence be found at the
22 registered office of the captive insurance company,
23 the Insurance Commissioner ~~must~~ shall be an agent of

1 the captive insurance company upon whom any process,
2 notice, or demand may be served, or

- 3 b. formed as a reciprocal insurer, whenever the
4 registered agent cannot with reasonable diligence be
5 found at the registered office of the captive
6 insurance company, the Insurance Commissioner ~~must~~
7 shall be an agent of the captive insurance company
8 upon whom any process, notice, or demand may be
9 served.

10 C. 1. Before receiving a license, a captive insurance company:

- 11 a. formed as a corporation, shall file with the Insurance
12 Commissioner a certified copy of its charter and
13 bylaws, a statement under oath of its president and
14 secretary showing its financial condition, and any
15 other statements or documents required by the
16 Insurance Commissioner, or

- 17 b. formed as a reciprocal shall:

18 (1) file with the Insurance Commissioner a certified
19 copy of the power of attorney of its attorney-in-
20 fact, a certified copy of its subscribers'
21 agreement, a statement under oath of its
22 attorney-in-fact showing its financial condition
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1 and any other statements or documents required by
2 the Insurance Commissioner, and

3 (2) submit to the Insurance Commissioner for approval
4 a description of the coverages, deductibles,
5 coverage limits, and rates and any other
6 information the Insurance Commissioner may
7 reasonably require. If there is a subsequent
8 material change in an item in the description,
9 the reciprocal captive insurance company shall
10 submit to the Insurance Commissioner for approval
11 an appropriate revision and may not offer any
12 additional kinds of insurance until a revision of
13 the description is approved by the Insurance
14 Commissioner. The reciprocal captive insurance
15 company shall inform the Insurance Commissioner
16 of any material change in rates within thirty
17 (30) days of the adoption of the change.

18 2. In addition to the information required by paragraph 1 of
19 this subsection, an applicant captive insurance company shall file
20 with the Insurance Commissioner evidence of:

21 a. the amount and liquidity of its assets relative to the
22 risks to be assumed,
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- 1 b. the adequacy of the expertise, experience, and
2 character of the person or persons who will manage it,
3 c. the overall soundness of its plan of operation,
4 d. the adequacy of the loss prevention programs of its
5 parent, member organizations, or industrial insureds
6 as applicable, and
7 e. ~~such~~ other factors considered relevant by the
8 Insurance Commissioner in ascertaining whether the
9 proposed captive insurance company will be able to
10 meet its policy obligations.

11 3. In addition to the information required by paragraphs 1 and
12 2 of this subsection, an applicant sponsored captive insurance
13 company shall file with the Insurance Commissioner:

- 14 a. a business plan demonstrating how the applicant will
15 account for the loss and expense experience of each
16 protected cell at a level of detail found to be
17 sufficient by the Insurance Commissioner, and how it
18 will report the experience to the Insurance
19 Commissioner,
20 b. a statement acknowledging that all financial records
21 of the sponsored captive insurance company, including
22 records pertaining to any protected cells, ~~must~~ shall

1 be made available for inspection or examination by the
2 Insurance Commissioner,

3 c. all contracts or sample contracts between the
4 sponsored captive insurance company and any
5 participants, and

6 d. evidence that expenses will be allocated to each
7 protected cell in an equitable manner.

8 4. Information submitted pursuant to this subsection is
9 confidential and may not be made public by the Insurance
10 Commissioner or an agent or employee of the Insurance Commissioner
11 without the written consent of the company, except that:

12 a. information may be discoverable by a party in a civil
13 action or contested case to which the captive
14 insurance company that submitted the information is a
15 party, upon a showing by the party seeking to discover
16 the information that:

17 (1) the information sought is relevant to and
18 necessary for the furtherance of the action or
19 case,

20 (2) the information sought is unavailable from other
21 nonconfidential sources, and

22 (3) a subpoena issued by a judicial or administrative
23 officer of competent jurisdiction has been
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1 submitted to the Insurance Commissioner; however,
2 the provisions of this paragraph do not apply to
3 an industrial insured captive insurance company
4 insuring the risks of an industrial insured
5 group, and

- 6 b. the Insurance Commissioner may disclose the
7 information to a public officer having jurisdiction
8 over the regulation of insurance in another state if:
9 (1) the public official agrees in writing to maintain
10 the confidentiality of the information, and
11 (2) the laws of the state in which the public
12 official serves require the information to be
13 confidential.

14 D. A Unless the Insurance Commissioner has set forth a fee as
15 provided for in this subsection through the promulgation of a rule,
16 a captive insurance company shall pay to the Department a
17 nonrefundable fee of Two Hundred Dollars (\$200.00) for examining,
18 investigating, and processing its application for license, and the
19 Insurance Commissioner may retain legal, financial, and examination
20 services from outside the Department, the reasonable cost of which
21 may be charged against the applicant. ~~Title 36 of the Oklahoma~~
22 ~~Statutes~~ This title applies to examinations, investigations, and
23 processing conducted under the authority of this section. ~~In~~ Unless

1 the Insurance Commissioner has set forth a fee as provided for in
2 this subsection through the promulgation of a rule, in addition, a
3 captive insurance company shall pay a license fee for the year of
4 registration and a renewal fee of Three Hundred Dollars (\$300.00).

5 E. If the Insurance Commissioner is satisfied that the
6 documents and statements filed by the captive insurance company
7 comply with the provisions of the Oklahoma Captive Insurance Company
8 Act, the Insurance Commissioner may grant a license authorizing the
9 company to do insurance business in this state until March 1 at
10 which time the license may be renewed.

11 SECTION 22. AMENDATORY 36 O.S. 2011, Section 6559, is
12 amended to read as follows:

13 Section 6559. A. Insurance companies and not-for-profit
14 hospital services and medical indemnity plans licensed by the
15 Insurance Commissioner that perform in-house utilization review
16 shall submit to the Commissioner the following information regarding
17 utilization review:

- 18 1. A utilization review plan that includes:
- 19 a. an adequate summary description of review standards,
20 protocol and procedures to be used in evaluating
21 proposed or delivered hospital and medical care,
 - 22 b. assurances that the standards and criteria to be
23 applied in review determinations are established with

1 input from health care providers representing major
2 areas of specialty and certified by the boards of the
3 various American medical specialties, and

4 c. the provisions by which patients or health care
5 providers may seek reconsideration or appeal of
6 adverse decisions concerning requests for medical
7 evaluation, treatment or procedures;

8 2. The type and qualifications of the personnel either employed
9 or under contract to perform the utilization review;

10 3. The procedures and policies to ensure that a representative
11 is reasonably accessible to patients and health care providers five
12 (5) days a week during normal business hours, ~~such~~ the procedures
13 and policies to include as a requirement a toll-free telephone
14 number to be available during ~~said~~ stated business hours; provided,
15 in the case of insurance companies, if the personnel performing
16 utilization review are out-of-state, the personnel shall be
17 available or make staff available by toll-free telephone for at
18 least forty (40) hours per week during normal business hours and
19 shall have a telephone system which is capable of accepting or
20 recording incoming telephone calls during other than normal hours,
21 and shall respond to ~~such~~ these calls within two (2) working days,
22 if sufficient information for response is provided to whomever
23 accepts the call or on a recorded message;

1 4. The policies and procedures to ensure that all applicable
2 state and federal laws to protect the confidentiality of individual
3 medical records are followed;

4 5. The policies and procedures to verify the identity and
5 authority of personnel performing utilization review by telephone;

6 6. A copy of the materials designed to inform applicable
7 patients and health care providers of the requirements of the
8 utilization review plan;

9 7. The procedures for receiving and handling complaints by
10 patients, hospitals and health care providers concerning utilization
11 review; and

12 8. Procedures to ensure that after a request for medical
13 evaluation, treatment, or procedures has been rejected in whole or
14 in part and in the event a copy of the report on ~~said~~ the rejection
15 is requested, a copy of the report of the personnel performing
16 utilization review concerning the rejection shall be mailed by the
17 insurer, postage prepaid, to the ill or injured person, the treating
18 health care provider, hospital or to the person financially
19 responsible for the patient's bill within fifteen (15) days after
20 receipt of the request for the report.

21 B. ~~Insurance~~ Unless the Commissioner has set forth a fee as
22 provided for in this subsection through the promulgation of a rule,
23 insurance companies that provide for in-house utilization review

1 shall pay an annual fee to the ~~Insurance~~ Commissioner of Five
2 Hundred Dollars (\$500.00).

3 SECTION 23. AMENDATORY 36 O.S. 2011, Section 6604, is
4 amended to read as follows:

5 Section 6604. A. No person in this state shall act as a
6 service warranty association unless licensed by the Insurance
7 Commissioner.

8 B. A Unless the Commissioner has set forth a fee as provided
9 for in this subsection through the promulgation of a rule, a service
10 warranty association shall pay to the Insurance Department a license
11 fee of Four Hundred Dollars (\$400.00) for such license for each
12 year, or part thereof, the license is in force.

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

19 D. A service warranty association may appoint an administrator
20 or other designee to be responsible for any or all of the
21 administration of service contracts and compliance with the Service
22 Warranty Insurance Act.

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1 E. An agreement which provides specified scheduled maintenance
2 services over a stated period of time does not constitute insurance
3 or a service warranty.

4 SECTION 24. AMENDATORY 36 O.S. 2011, Section 6609, is
5 amended to read as follows:

6 Section 6609. Each license issued to a service warranty
7 association shall expire on November 1 following the date of
8 issuance. If Unless the Insurance Commissioner has set forth a fee
9 as provided for in this subsection through the promulgation of a
10 rule, if the association is then qualified under the provisions of
11 the Service Warranty Insurance Act, its license may be renewed
12 annually, upon its request, and upon payment to the ~~Insurance~~
13 Commissioner of the license fee in the amount of Four Hundred
14 Dollars (\$400.00) in advance for each ~~such~~ license year.

15 SECTION 25. AMENDATORY 36 O.S. 2011, Section 6615, is
16 amended to read as follows:

17 Section 6615. A. In addition to the license fees provided in
18 the Service Warranty Insurance Act for service warranty associations
19 each service warranty association and insurer shall, annually on or
20 before the first day of May, file with the Insurance Commissioner
21 its annual statement in the form prescribed by the Commissioner
22 showing all gross written premiums or assessments received by it in
23 connection with the issuance of service warranties in this state

1 during the preceding calendar year and other relevant financial
2 information as deemed necessary by the Commissioner, using
3 accounting principles which ~~will~~ shall enable the Commissioner to
4 ascertain whether the financial requirements set forth in Section
5 6607 of this title have been satisfied.

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

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

15 D. ~~Premiums~~ Unless the Commissioner has set forth a fee as
16 provided for in this subsection through the promulgation of a rule,
17 premiums and assessments received by associations and insurers for
18 service warranties shall not be subject to the premium tax provided
19 for in Section 624 of this title, but shall be subject to an
20 administrative fee of equal to two percent (2%) of the gross premium
21 received on the sale of all service contracts issued in this state
22 during the preceding calendar quarter. ~~Said~~ The fees shall be paid
23 quarterly to the Insurance Commissioner. ~~However~~ Unless the

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1 Commissioner has set forth a fee as provided for in this subsection
2 through the promulgation of a rule, licensed associations, licensed
3 insurers and entities with applications for licensure as a service
4 warranty association pending with the Insurance Department that have
5 contractual liability insurance in place as of March 31, 2009, from
6 an insurer which satisfies the requirements of subsections B and C
7 of Section 6607 of this title and which covers one hundred percent
8 (100%) of the claims exposure of the association or insurer on all
9 contracts written may elect to pay an annual administrative fee of
10 Three Thousand Dollars (\$3,000.00) in lieu of the two-percent
11 administrative fee.

12 SECTION 26. AMENDATORY 36 O.S. 2011, Section 6753, is
13 amended to read as follows:

14 Section 6753. A. Home service contracts shall not be issued,
15 sold or offered for sale in this state unless the provider has:

16 1. Provided a receipt for, or other written evidence of, the
17 purchase of the home service contract to the contract holder; and

18 2. Provided a copy of the home service contract to the service
19 contract holder within a reasonable period of time from the date of
20 purchase.

21 B. Each provider of home service contracts sold in this state
22 shall file a registration with, and on a form prescribed by, the
23 Insurance Commissioner consisting of their name, full corporate
24

1 physical street address, telephone number, contact person and a
2 designated person in this state for service of process. ~~Each~~ Unless
3 the Commissioner has set forth a fee as provided for in this
4 subsection through the promulgation of a rule, each provider shall
5 pay to the Commissioner a fee in the amount of One Thousand Two
6 Hundred Dollars (\$1,200.00) upon initial registration and every
7 three (3) years thereafter. ~~Each~~ Unless the Commissioner has set
8 forth a fee as provided for in this subsection through the
9 promulgation of a rule, each provider shall pay to the Commissioner
10 an Antifraud Assessment Fee of Two Thousand Two Hundred Fifty
11 Dollars (\$2,250.00) upon initial registration and every three (3)
12 years thereafter. The registration need only be updated by written
13 notification to the Commissioner if material changes occur in the
14 registration on file. A proper registration is de facto a license
15 to conduct business in Oklahoma and may be suspended as provided in
16 Section ~~6~~ 6755 of this ~~act~~ title. Fees received from home service
17 contract providers shall not be subject to any premium tax, but
18 shall be subject to an administrative fee equal to two percent (2%)
19 of the gross fees received on the sale of all home service contracts
20 issued in this state during the preceding calendar quarter. The
21 fees shall be paid quarterly to the Commissioner and submitted along
22 with a report on a form prescribed by the Commissioner. ~~However,~~
23 ~~service~~ Unless the Commissioner has set forth a fee as provided for

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1 in this subsection through the promulgation of a rule, service
2 contract providers may elect to pay an annual administrative fee of
3 Three Thousand Dollars (\$3,000.00) in lieu of the two-percent
4 administrative fee, if the provider maintains an insurance policy as
5 provided in paragraph 3 of subsection C of this section.

6 C. In order to assure the faithful performance of a provider's
7 obligations to its contract holders, each provider shall be
8 responsible for complying with the requirements of paragraph 1, 2 or
9 3 of this subsection:

10 1. a. maintain a funded reserve account for its obligations
11 under its contracts issued and outstanding in this
12 state. The reserves shall not be less than forty
13 percent (40%) of gross consideration received, less
14 claims paid, on the sale of the service contract for
15 all in-force contracts. The reserve account shall be
16 subject to examination and review by the Commissioner,
17 and

18 b. place in trust with the Commissioner a financial
19 security deposit, having a value of not less than five
20 percent (5%) of the gross consideration received, less
21 claims paid, on the sale of the service contract for
22 all service contracts issued and in force, but not
23
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1 less than Twenty-five Thousand Dollars (\$25,000.00),
2 consisting of one of the following:

- 3 (1) a surety bond issued by an authorized surety,
- 4 (2) securities of the type eligible for deposit by
5 authorized insurers in this state,
- 6 (3) cash,
- 7 (4) a letter of credit issued by a qualified
8 financial institution, or
- 9 (5) another form of security prescribed by rule
10 promulgated by the Commissioner;

- 11 2. a. maintain, or together with its parent company
12 maintain, a net worth or stockholders' equity of
13 Twenty-five Million Dollars (\$25,000,000.00),
14 excluding goodwill, intangible assets, customer lists
15 and affiliated receivables, and
- 16 b. upon request, provide the Commissioner with a copy of
17 the provider's or the provider's parent company's most
18 recent Form 10-K or Form 20-F filed with the
19 Securities and Exchange Commission (SEC) within the
20 last calendar year, or if the company does not file
21 with the SEC, a copy of the company's financial
22 statements, which shows a net worth of the provider or
23 its parent company of at least Twenty-five Million

1 Dollars (\$25,000,000.00) based upon Generally Accepted
2 Accounting Principles (GAAP) accounting standards. If
3 the provider's parent company's Form 10-K, Form 20-F,
4 or financial statements are filed to meet the
5 provider's financial stability requirement, then the
6 parent company shall agree to guarantee the
7 obligations of the provider relating to service
8 contracts sold by the provider in this state; or

9 3. Purchase an insurance policy which demonstrates to the
10 satisfaction of the Insurance Commissioner that one hundred percent
11 (100%) of its claim exposure is covered by such policy. The
12 insurance shall be obtained from an insurer that is licensed,
13 registered, or otherwise authorized to do business in this state,
14 that is rated B++ or better by A.M. Best Company, Inc., and that
15 meets the requirements of subsection D of this section. For the
16 purposes of this paragraph, the insurance policy shall contain the
17 following provisions:

18 a. in the event that the provider is unable to fulfill
19 its obligation under contracts issued in this state
20 for any reason, including insolvency, bankruptcy, or
21 dissolution, the insurer shall pay losses and unearned
22 premiums under such plans directly to the person
23 making the claim under the contract,

1 b. the insurer issuing the insurance policy shall assume
2 full responsibility for the administration of claims
3 in the event of the inability of the provider to do
4 so, and

5 c. the policy shall not be canceled or not renewed by
6 either the insurer or the provider unless sixty (60)
7 days' written notice thereof has been given to the
8 Commissioner by the insurer before the date of such
9 cancellation or nonrenewal.

10 D. The insurer providing the insurance policy used to satisfy
11 the financial responsibility requirements of paragraph 3 of
12 subsection C of this section shall meet one of the following
13 standards:

14 1. The insurer shall, at the time the policy is filed with the
15 Commissioner, and continuously thereafter:

16 a. maintain surplus as to policyholders and paid-in
17 capital of at least Fifteen Million Dollars
18 (\$15,000,000.00), and

19 b. annually file copies of the audited financial
20 statements of the insurer, its National Association of
21 Insurance Commissioners (NAIC) Annual Statement, and
22 the actuarial certification required by and filed in
23 the state of domicile of the insurer; or

1 2. The insurer shall, at the time the policy is filed with the
2 Commissioner, and continuously thereafter:

3 a. maintain surplus as to policyholders and paid-in
4 capital of less than Fifteen Million Dollars
5 (\$15,000,000.00),

6 b. demonstrate to the satisfaction of the Commissioner
7 that the company maintains a ratio of net written
8 premiums, wherever written, to surplus as to
9 policyholders and paid-in capital of not greater than
10 three to one, and

11 c. annually file copies of the audited financial
12 statements of the insurer, its NAIC Annual Statement,
13 and the actuarial certification required by and filed
14 in the state of domicile of the insurer.

15 E. Except for the registration requirements in subsection B of
16 this section, providers, administrators and other persons marketing,
17 selling or offering to sell home service contracts are exempt from
18 any licensing requirements of this state and shall not be subject to
19 other registration information or security requirements. Home
20 service contract providers as defined in Section ~~3~~ 6752 of this ~~act~~
21 title and properly registered under this law are exempt from any
22 treatment pursuant to the Service Warranty Insurance Act. Home
23 service contract providers applying for registration under the

1 Oklahoma Home Service Contract Act that have not been registered in
2 the preceding twelve (12) months under the act may be subject to a
3 thirty-day prior review before their registration is deemed
4 complete. Said applications shall be deemed complete after thirty
5 (30) days unless the Commissioner takes action in that period under
6 Section ~~6~~ 6755 of this ~~act~~ title, for cause shown, to suspend their
7 registration.

8 F. The marketing, sale, offering for sale, issuance, making,
9 proposing to make and administration of home service contracts by
10 providers and related service contract sellers, administrators, and
11 other persons, including but not limited to real estate licensees,
12 shall be exempt from all other provisions of the Insurance Code.

13 SECTION 27. AMENDATORY 40 O.S. 2011, Section 600.5, is
14 amended to read as follows:

15 Section 600.5 A. Initial registration. ~~Upon~~ Unless the
16 Insurance Commissioner has set forth a fee as provided for in this
17 subsection through the promulgation of a rule, upon filing an
18 initial registration statement under the Oklahoma Professional
19 Employer Organization Recognition and Registration Act, a PEO shall
20 pay an initial registration fee of Five Hundred Dollars (\$500.00).

21 B. Initial Group Registration. ~~Upon~~ Unless the Insurance
22 Commissioner has set forth a fee as provided for in this subsection
23 through the promulgation of a rule, upon filing an initial Group
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~~Strike thru~~ language denotes deletion from present Statutes.

1 registration statement pursuant to the Oklahoma Professional
2 Employer Organization Recognition and Registration Act, the PEO
3 Group shall pay an initial registration fee of Five Hundred Dollars
4 (\$500.00) per member of the PEO Group.

5 C. Renewal. ~~Upon~~ Unless the Insurance Commissioner has set
6 forth a fee as provided for in this subsection through the
7 promulgation of a rule, upon each annual renewal of a registration
8 statement filed under the Oklahoma Professional Employer
9 Organization Recognition and Registration Act, a PEO shall pay a
10 renewal fee of Two Hundred Fifty Dollars (\$250.00).

11 D. Renewal. ~~Upon~~ Unless the Insurance Commissioner has set
12 forth a fee as provided for in this subsection through the
13 promulgation of a rule, upon each annual renewal of a Group
14 registration statement filed under the Oklahoma Professional
15 Employer Organization Recognition and Registration Act, a PEO Group
16 shall pay a renewal fee of Two Hundred Fifty Dollars (\$250.00) per
17 member of the PEO Group.

18 E. Exemption. ~~Each~~ Unless the Insurance Commissioner has set
19 forth a fee as provided for in this subsection through the
20 promulgation of a rule, each PEO exempt from registration under the
21 terms of this subsection shall pay an exemption fee in the amount of
22 Two Hundred Fifty Dollars (\$250.00) upon initial application for
23 exemption and upon each annual renewal of the exemption.

1 SECTION 28. AMENDATORY 59 O.S. 2011, Section 1305, is
2 amended to read as follows:

3 Section 1305. A. The application for license to serve as a
4 bail bondsman shall affirmatively show that the applicant:

5 1. Is a person who has reached the age of twenty-one (21)
6 years;

7 2. Is of good character and reputation;

8 3. Has not been previously convicted of, or pled guilty or nolo
9 contendere to, any felony, or to a misdemeanor involving moral
10 turpitude or dishonesty;

11 4. Is a citizen of the United States;

12 5. Has been a bona fide resident of the state for at least one
13 (1) year;

14 6. Will actively engage in the bail bond business;

15 7. Has knowledge or experience, or has received instruction in
16 the bail bond business; and

17 8. Has a high school diploma or its equivalent; provided,
18 however, the provisions of this paragraph shall apply only to
19 initial applications for license submitted on or after November 1,
20 1997, and shall not apply to renewal applications for license.

21 B. The applicant shall apply electronically on forms approved
22 by the Insurance Commissioner, and the Commissioner may propound any
23 reasonable interrogatories to an applicant for a license pursuant to
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1 ~~Sections~~ Section 1301 ~~through 1340~~ et seq. of this title, or on any
2 renewal thereof, relating to qualifications, residence, prospective
3 place of business and any other matters which, in the opinion of the
4 Commissioner, are deemed necessary or expedient in order to protect
5 the public and ascertain the qualifications of the applicant. The
6 Commissioner may also conduct any reasonable inquiry or
7 investigation relative to the determination of the fitness of the
8 applicant to be licensed or to continue to be licensed including,
9 but not limited to, requiring a national criminal history record
10 check as defined by Section 150.9 of Title 74 of the Oklahoma
11 Statutes.

12 C. ~~An~~ Unless the Commissioner has set forth a fee as provided
13 for in this subsection through the promulgation of a rule, an
14 applicant shall furnish to the Commissioner a license fee of Two
15 Hundred Fifty Dollars (\$250.00) with the application, a complete set
16 of the fingerprints of the applicant and two recent credential-size
17 full face photographs of the applicant. The fingerprints of the
18 applicant shall be certified by an authorized law enforcement
19 officer. ~~The~~ Unless the Commissioner has set forth a fee as
20 provided for in this subsection through the promulgation of a rule,
21 the applicant shall provide with the application an investigative
22 fee of One Hundred Dollars (\$100.00) with which the Commissioner
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1 will conduct an investigation of the applicant. All fees shall be
2 nonrefundable.

3 D. Failure of the applicant to secure approval of the
4 Commissioner shall not preclude the applicant from reapplying, but a
5 second application shall not be considered by the Commissioner
6 within three (3) months after denial of the last application.

7 E. ~~The~~ Unless the Commissioner has set forth a fee as provided
8 for in this subsection through the promulgation of a rule, the fee
9 for a duplicate pocket license shall be Twenty-five Dollars
10 (\$25.00).

11 SECTION 29. AMENDATORY 59 O.S. 2011, Section 1308, is
12 amended to read as follows:

13 Section 1308. A. The applicant for bail bondsman shall be
14 required to appear in person and take an examination prepared by the
15 Insurance Commissioner, testing the applicant's ability and
16 qualifications to be a bail bondsman. Applications are valid for
17 six (6) months after submission. If an applicant has not acted upon
18 the application within that period, a new application and fees shall
19 be submitted for the applicant to be considered for licensure.

20 B. Each applicant shall become eligible for examination if the
21 applicant has completed sixteen (16) hours of education as required
22 by Section 1308.1 of this title prior to the examination.

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1 Examinations shall be held at times and places as designated by the
2 Commissioner.

3 C. ~~The~~ Unless the Insurance Commissioner has set forth a fee as
4 provided for in this subsection through the promulgation of a rule,
5 the fee for the examination shall be One Hundred Dollars (\$100.00).
6 Results will be provided after the applicant is examined.

7 D. The failure of an applicant to pass an examination shall not
8 preclude the applicant from taking subsequent examinations;
9 provided, however, that at least thirty (30) days shall intervene
10 between examinations; and provided further, after a third or
11 subsequent examination failure, an applicant may not be examined for
12 at least one (1) year after the last examination failure.

13 SECTION 30. AMENDATORY 59 O.S. 2011, Section 1308.1, is
14 amended to read as follows:

15 Section 1308.1 A. In order to be eligible to take the
16 examination required to be licensed as a bail bondsman, each person
17 shall complete not less than sixteen (16) clock hours of education
18 in subjects pertinent to the duties and responsibilities of a bail
19 bondsman, including all laws and regulations related thereto.
20 Further, each licensee shall complete biennially not less than
21 sixteen (16) clock hours of continuing education in said subjects
22 prior to renewal of the license. ~~Such~~ The continuing education
23 shall not include a written or oral examination.

1 Provided, any person licensed as a bail bondsman prior to
2 November 1, 1989, shall not be required to complete sixteen (16)
3 clock hours of education prior to licensure but shall be subject to
4 the sixteen-hour continuing education requirement in order to renew
5 ~~said~~ the license, except that a licensed bail bondsman who is sixty-
6 five (65) years of age or older and who has been licensed as a bail
7 bondsman for fifteen (15) years or more shall be exempt from both
8 the education and continuing education requirements of this section.

9 B. The Oklahoma Bondsman Association shall provide education
10 for bail bondsman licensure as required by this section; provided
11 that, the Insurance Commissioner shall approve the courses offered;
12 and provided further ~~such,~~ the education meets the general standards
13 for education otherwise established by the Insurance Commissioner.

14 C. ~~The~~ Unless the Insurance Commissioner has set forth a fee as
15 provided for in this subsection through the promulgation of a rule,
16 the Oklahoma Bondsman Association shall submit biennially a fee of
17 Two Hundred Dollars (\$200.00), payable to the Insurance Commissioner
18 which shall be deposited with the State Treasurer for the purposes
19 of fulfilling and accomplishing the conditions and purposes of this
20 section.

21 D. Any person who falsely represents to the Insurance
22 Commissioner that compliance with this section has been met shall be
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1 subject, after notice and hearing, to the penalties and fines set
2 out in Section 1310 of this title.

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

5 SECTION 31. AMENDATORY 59 O.S. 2011, Section 1309, is
6 amended to read as follows:

7 Section 1309. A. A Unless the Insurance Commissioner has set
8 forth a fee as provided for in this subsection through the
9 promulgation of a rule, a renewal license shall be issued by the
10 ~~Insurance~~ Commissioner to a licensee who has continuously maintained
11 same in effect, without further examination, upon payment of a
12 renewal fee of Two Hundred Dollars (\$200.00) for a bail bondsman and
13 proof of completion of sixteen (16) hours of continuing education as
14 required by Section 1308.1 of this title. The renewal fee for
15 licenses expiring September 15, 2012, shall be prorated to the birth
16 month of the bondsman. Thereafter the renewal fee shall be
17 submitted biennially by the last day of the birth month of the
18 bondsman. Such licensee shall in all other respects be required to
19 comply with and be subject to the provisions of Section 1301 et seq.
20 of this title.

21 B. An individual holding a professional bondsman license shall
22 also provide an annual financial statement prepared by an accounting
23 firm or individual holding a permit to practice public accounting in
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1 this state in accordance with generally accepted principles of
2 accounting procedures showing assets, liabilities, and net worth,
3 the annual statement to be as of a date not earlier than ninety (90)
4 days prior to the last day of the birth month of the bondsman. The
5 statements shall be attested to by an unqualified opinion of the
6 accounting firm or individual holding a permit to practice public
7 accounting in this state that prepared the statement or statements.
8 The statement shall be submitted annually by the last day of the
9 birth month of the bondsman.

10 C. An individual holding a property bondsman license shall also
11 provide an annual county assessor's written statement stating the
12 property's assessed value for each property used to post bonds and a
13 written statement from any lien holder stating the current payoff
14 amount on each lien for each property used to post bonds. The
15 written statements shall be submitted annually by the last day of
16 the birth month of the bondsman.

17 D. If the license is not renewed or the renewal fee is not paid
18 by the last day of the birth month of the bondsman, the license
19 shall expire automatically pursuant to Section 1304 of this title.
20 After expiration, the license may be reinstated for up to one (1)
21 year following the expiration date. If after the one-year date the
22 license has not been renewed, the licensee shall be required to
23 apply for a license as a new applicant.

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1 E. Reinstatement fees shall be double the original fee.

2 SECTION 32. AMENDATORY 59 O.S. 2011, Section 1314, is
3 amended to read as follows:

4 Section 1314. A. When a bail bondsman or managing general
5 agent accepts collateral, the bail bondsman or managing general
6 agent shall give a written receipt for ~~same~~ the collateral, and this
7 receipt shall give in detail a full description of the collateral
8 received. A description of the collateral shall be listed on the
9 undertaking by affidavit. All property taken as collateral, whether
10 personal, intangible or real, shall be receipted for and deemed, for
11 all purposes, to be in the name of, and for the use and benefit of,
12 the surety company or licensed professional bondsman, as the case
13 may be. Every receipt, encumbrance, mortgage or other evidence of
14 the custody, possession or claim shall facially indicate that it has
15 been taken or made on behalf of the surety company or professional
16 bondsman through its authorized agent, the individual licensed
17 bondsman or managing general agent who has transacted the
18 undertaking with the bond principal. Any mortgage or other
19 encumbrance against real property taken under the provisions of this
20 section which does not indicate beneficial ownership of the claim to
21 be in favor of the surety company or professional bondsman shall be
22 deemed to constitute a cloud on the title to real estate and shall
23 subject the person filing, or causing same to be filed, in the real

1 estate records of the county, to a penalty of treble damages or One
2 Thousand Dollars (\$1,000.00), whichever is greater, in an action
3 brought by the person, organization or corporation injured thereby.
4 For collateral taken, or liens or encumbrances taken or made
5 pursuant to the provisions of this section, the individual bondsman
6 or managing general agent taking possession of the property or
7 making the lien, claim or encumbrance shall do so on behalf of the
8 surety company or professional bondsman, as the case may be, and the
9 individual licensed bondsman shall be deemed to act in the capacity
10 of fiduciary in relation to both:

11 1. The principal or other person from whom the property is
12 taken or claimed against; and

13 2. The surety company or professional bondsman whose agent is
14 the licensed bondsman.

15 As fiduciary and bailee for hire, the individual bondsman shall be
16 liable in criminal or civil actions at law for failure to properly
17 receipt or account for, maintain or safeguard, release or deliver
18 possession upon lawful demand, in addition to any other penalties
19 set forth in this subsection. No person who takes possession of
20 property as collateral pursuant to this section shall use or
21 otherwise dissipate the asset, or do otherwise with the property
22 than to safeguard and maintain its condition pending its return to
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1 its lawful owner, or deliver to the surety company or professional
2 bondsman, upon lawful demand pursuant to the terms of the bailment.

3 B. Every licensed bondsman shall file monthly electronically
4 with the Insurance Commissioner and on forms approved by the
5 Commissioner as follows:

6 1. A monthly report showing every bond written, amount of bond,
7 whether released or revoked during each month, showing the court and
8 county, and the style and number of the case, premiums charged and
9 collateral received; and

10 2. Professional bondsmen shall submit electronic monthly
11 reports showing total current liabilities, all bonds written during
12 the month by the professional bondsman and by any licensed bondsman
13 who may countersign for the professional bondsman, all bonds
14 terminated during the month, and the total liability and a list of
15 all bondsmen currently employed by the professional bondsmen.

16 Monthly reports shall be submitted electronically to the
17 Insurance Commissioner by the fifteenth day of each month. The
18 records shall be maintained by the Commissioner as public records.

19 C. Every licensee shall keep at the place of business of the
20 licensee the usual and customary records pertaining to transactions
21 authorized by the license. All of the records shall be available
22 and open to the inspection of the Commissioner at any time during
23 business hours during the three (3) years immediately following the

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1 date of the transaction. The Commissioner may require a financial
2 examination or market conduct survey during any investigation of a
3 licensee.

4 D. ~~Each~~ Unless the Commissioner has set forth a fee as provided
5 for in this subsection through the promulgation of a rule, each bail
6 bondsman shall submit each month with the monthly report of the
7 bondsman, a reviewal fee equal to two-tenths of one percent (2/10 of
8 1%) of the new liability written for that month. The fee shall be
9 payable to the Insurance Commissioner who shall deposit same with
10 the State Treasurer.

11 SECTION 33. AMENDATORY 59 O.S. 2011, Section 1317, is
12 amended to read as follows:

13 Section 1317. A. Every surety or professional bondsman who
14 appoints a surety bondsman or managing general agent in the state,
15 shall give notice thereof to the Insurance Commissioner. ~~The~~ Unless
16 the Commissioner has set forth a fee as provided for in this
17 subsection through the promulgation of a rule, the filing fee for
18 appointment of each surety bondsman or managing general agent shall
19 be Ten Dollars (\$10.00), payable to the Commissioner and shall be
20 submitted with the appointment. The appointment shall remain in
21 effect until the surety or professional bondsman submits a notice of
22 cancellation to the Commissioner, the license of the bail bondsman
23 expires, or the Commissioner cancels the appointment. The

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BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 Commissioner may cancel a bail surety appointment if the license of
2 the bondsman is suspended, revoked or nonrenewed. ~~If~~ Unless the
3 Commissioner has set forth a fee as provided for in this subsection
4 through the promulgation of a rule, if the surety changes the
5 liability limitations of the surety bondsman or the managing general
6 agent, or any other provisions of the appointment, the surety shall
7 submit an amended appointment form and a filing fee of Ten Dollars
8 (\$10.00) payable to the Commissioner.

9 B. A surety terminating the appointment of a surety bondsman or
10 managing general agent immediately shall file written notice thereof
11 with the Commissioner, together with a statement that it has given
12 or mailed notice to the surety bondsman or managing general agent.
13 The notice filed with the Commissioner shall state the reasons, if
14 any, for the termination.

15 C. Prior to issuance of a new surety appointment for a surety
16 bondsman or managing general agent, the bondsman or agent shall file
17 an affidavit with the Commissioner stating that no forfeitures are
18 owed to any court, no fines are owed to the ~~insurance department~~
19 Insurance Department, and no premiums or indemnification for
20 forfeitures or fines are owed to any insurer. This provision shall
21 not require that all outstanding liabilities have been exonerated,
22 but may provide that the liabilities are still being monitored by
23 the bondsman or agent.

1 D. Every bail bondsman who negotiates and posts a bond shall,
2 in any controversy between the defendant, indemnitor, or guarantor
3 and the bail bondsman or surety, be regarded as representing the
4 surety. This provision shall not affect the apparent authority of a
5 bail bondsman as an agent for the insurer.

6
7 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
8 04/12/2012 - DO PASS, As Amended.

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