



1 policy. A residential contractor shall be compensated directly by  
2 an insurer for services and procedures which have been provided when  
3 the following conditions are met:

4 1. Benefits available under a policy have been assigned in  
5 writing by an insured to the residential contractor; and

6 2. A copy of the assignment has been provided by the  
7 residential contractor to the insurer.

8 B. Benefits assigned by the insured to the residential  
9 contractor pursuant to this section shall be limited to the amount  
10 of insurable interest, as defined in Section 3605 of Title 36 of the  
11 Oklahoma Statutes, the insured has in the property.

12 C. As used in this section, "residential contractor" means a  
13 person or entity in the business of contracting or offering to  
14 contract with an owner or possessor of residential real estate to  
15 repair or replace roof systems or perform any other exterior repair,  
16 replacement, construction, or reconstruction work on residential  
17 real estate.

18 SECTION 2. NEW LAW A new section of law to be codified  
19 in the Oklahoma Statutes as Section 4811 of Title 36, unless there  
20 is created a duplication in numbering, reads as follows:

21 If a claim under an insurance policy for damage to residential  
22 real property of Twenty Thousand Dollars (\$20,000.00) is paid to the  
23 insured and a lender, and the lender holds all or part of the  
24

1 proceeds from the insurance claim payment pending completion of all  
2 or part of the repairs to the property, the lender shall either:

3 1. If the lender is current on mortgage payments and the lender  
4 has received sufficient evidence that the repairs required pursuant  
5 to the claim have been completed, release the proceeds to the  
6 insured or its assignee not later than three (3) days after the  
7 lender receives payment of the insurance proceeds; or

8 2. If the lender is not current on mortgage payments and the  
9 lender has received sufficient evidence that the repairs required  
10 pursuant to the claim have been completed, release the proceeds to  
11 the insured or its assignee not later than (3) days after the lender  
12 becomes current on the mortgage payments.

13 SECTION 3. AMENDATORY 21 O.S. 2011, Section 1662, as  
14 amended by Section 3, Chapter 235, O.S.L. 2012 (21 O.S. Supp. 2012,  
15 Section 1662), is amended to read as follows:

16 Section 1662. A. Any person who presents or causes to be  
17 presented any false or fraudulent claim, or any proof in support of  
18 any such claim, upon any contract of insurance, for the payment of  
19 any loss, or who prepares, makes or subscribes any account,  
20 certificate, survey affidavit, proof of loss, or other book, paper  
21 or writing, with intent to present or use the same, or to allow it  
22 to be presented or used in support of any such claim, shall be  
23 guilty of a felony punishable by imprisonment in the ~~State~~  
24 ~~Penitentiary~~ custody of the Department of Corrections not exceeding

1 three (3) years, or by a fine not exceeding twice the amount of the  
2 aggregated loss sum, or both.

3 B. A false or fraudulent claim shall include a residential  
4 contractor advertising or promising to pay or rebate all or any  
5 portion of any insurance deductible as an inducement to the sale of  
6 goods or services, or a residential contractor decreasing the value  
7 of repairs that were quoted to the insurance company and offering  
8 the remaining portion of the insurance claim proceeds to the  
9 insured.

10 C. Any insured homeowner who has retained the services of a  
11 residential contractor and has reason to believe that a contractor  
12 has made an offer or promise to the insured homeowner shall report  
13 the matter promptly to the Anti-Fraud Unit of the Insurance  
14 Department of the State of Oklahoma.

15 D. As used in this section:

16 1. "Promising to pay or rebate" means granting any allowance or  
17 offering any discount against the fees to be charged or paying the  
18 insured or any person directly or indirectly associated with the  
19 property any form of compensation, gift, prize, bonus, coupon,  
20 credit, referral fee, or other item of monetary value for any  
21 reason; and

22 2. "Residential contractor" means a person or entity in the  
23 business of contracting or offering to contract with an owner or  
24 possessor of residential real estate to repair or replace roof

1 systems or perform any other exterior repair, replacement,  
2 construction, or reconstruction work on residential real estate.

3 SECTION 4. This act shall become effective November 1, 2013.

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5 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated - DO PASS, As  
6 Amended.

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