

1 STATE OF OKLAHOMA

2 1st Session of the 54th Legislature (2013)

3 HOUSE BILL 1624

By: Ortega

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6 AS INTRODUCED

7 An Act relating to insurance; requiring lenders to  
8 provide certain notification to insured when lender  
9 receives certain insurance proceeds; requiring  
10 lenders to release proceeds or provide certain  
11 notification when certain conditions are met;  
12 providing penalty; requiring lienholder to endorse or  
13 approve payment for insurance claim or provide  
14 certain notification when certain conditions are met;  
15 providing penalty; and providing an effective date.

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

17 SECTION 1. NEW LAW A new section of law to be codified  
18 in the Oklahoma Statutes as Section 6011 of Title 36, unless there  
19 is created a duplication in numbering, reads as follows:

20 A. If a claim under an insurance policy for damage to  
21 residential real property is paid to the insured and a lender, and  
22 the lender holds all or part of the proceeds from the insurance  
23 claim payment pending completion of all or part of the repairs to  
24 the property, the lender shall notify the insured of each  
requirement with which the insured must comply for the lender to

1 release the insurance proceeds not later than ten (10) days after  
2 the date the lender receives payment of the insurance proceeds.

3 B. Not later than ten (10) days after the date the lender  
4 receives from the insured a request for release of all or part of  
5 the insurance proceeds held by the lender, the lender shall:

6 1. If the lender has received sufficient evidence of the  
7 insured's compliance with the requirements specified by the lender  
8 under subsection A of this section for release of the proceeds,  
9 release to the insured, as requested, all or part of the proceeds;

10 or

11 2. Provide notice to the insured that explains specifically:

12 a. the reason for the lender's refusal to release the  
13 proceeds to the insured, and

14 b. each requirement with which the insured must comply  
15 for the lender to release the proceeds.

16 C. A lender who fails to provide notice as required by  
17 subsections A and B of this section or to release insurance proceeds  
18 as required by subsection B of this section shall pay to the insured  
19 interest at the rate of ten percent (10%) a year on the proceeds  
20 held by the lender. Interest will begin to accrue on the date the  
21 lender receives sufficient evidence of the insured's compliance with  
22 the requirements specified by the lender under subsection A or B of  
23 this section for the release of proceeds. Interest stops accruing  
24 on the date the lender complies with subsection A or B of this

1 section, as applicable. A lender is not required to pay interest on  
2 insurance proceeds applied, in accordance with the terms and  
3 conditions of a deed of trust or other security agreement, to reduce  
4 a note.

5 D. If payment of an insurance claim relating to personal  
6 property requires the endorsement of a check or draft by a holder of  
7 a lien on the property or otherwise requires approval of the  
8 lienholder, not later than the fourteenth business day after the  
9 date the lienholder receives a request for the endorsement or other  
10 approval, the lienholder shall provide:

- 11 1. The endorsement or approval; or
- 12 2. A written statement of the reason for denial of the  
13 endorsement or approval to the person who requested the endorsement  
14 or approval.

15 E. A lienholder who violates subsection D of this section is  
16 liable for a civil penalty not to exceed Five Hundred Dollars  
17 (\$500.00) for each violation. The Attorney General may bring an  
18 action to collect a civil penalty under this subsection.

19 SECTION 2. This act shall become effective November 1, 2013.

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