

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 SENATE BILL 481

By: Quinn

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5
6 AS INTRODUCED

7 An Act relating to insurance; amending 36 O.S. 2011,
8 Section 1435.20, as last amended by Section 1,
9 Chapter 145, O.S.L. 2014 (36 O.S. Supp. 2014, Section
10 1435.20), which relates to limited line producers;
11 adding a category for which certain producers may
12 receive license; Section 1435.29, as amended by
13 Section 7, Chapter 11, O.S.L. 2012 (36 O.S. Supp.
14 2014, Section 1435.29), which relates to continuing
15 education; excepting certain producers from certain
16 requirements; requiring certain educational
17 requirements; and providing an effective date.

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

19 SECTION 1. AMENDATORY 36 O.S. 2011, Section 1435.20, as
20 last amended by Section 1, Chapter 145, O.S.L. 2014 (36 O.S. Supp.
21 2014, Section 1435.20), is amended to read as follows:

22 Section 1435.20. A. A limited lines producer may receive
23 qualification for a license in one or more of the following
24 categories:

25 1. Prepaid legal liability insurance, which means the
26 assumption of an enforceable contractual obligation to provide
27 specified legal services or to reimburse policyholders for specified

1 legal expenses, pursuant to the provisions of a group or individual
2 policy;

3 2. Crop - insurance providing protection against damage to
4 crops from unfavorable weather conditions, fire or lightning, flood,
5 hail, insect infestation, disease or other yield-reducing conditions
6 or perils provided by the private insurance market, or that is
7 subsidized by the Federal Crop Insurance Corporation, including
8 Multi-Peril Crop Insurance;

9 3. Car rental - insurance offered, sold or solicited in
10 connection with and incidental to the rental of rental cars for a
11 period of two (2) years, whether at the rental office or by
12 preselection of coverage in master, corporate, group or individual
13 agreements that:

14 a. is nontransferable,

15 b. applies only to the rental car that is the subject of
16 the rental agreement, and

17 c. is limited to the following kinds of insurance:

18 (1) personal accident insurance for renters and other
19 rental car occupants, for accidental death or
20 dismemberment, and for medical expenses resulting
21 from an accident that occurs with the rental car
22 during the rental period,

23 (2) liability insurance that provides protection to
24 the renters and other authorized drivers of a

1 rental car for liability arising from the
2 operation or use of the rental car during the
3 rental period,

4 (3) personal effects insurance that provides coverage
5 to renters and other vehicle occupants for loss
6 of, or damage to, personal effects in the rental
7 car during the rental period,

8 (4) roadside assistance and emergency sickness
9 protection insurance, or

10 (5) any other coverage designated by the Insurance
11 Commissioner.

12 A car rental limited lines license issued to a rental or leasing
13 company shall authorize any employee or authorized representative of
14 the rental or leasing company to sell or offer coverage at each
15 location at which the rental or leasing company operates. Employees
16 or authorized representatives are not required to be individually
17 licensed;

18 4. Credit - credit life, credit disability, credit property,
19 credit unemployment, involuntary unemployment, mortgage life,
20 mortgage guaranty, mortgage disability, guaranteed automobile
21 protection insurance, or any other form of insurance offered in
22 connection with an extension of credit that is limited to partially
23 or wholly extinguishing that credit obligation and that is
24

1 designated by the Insurance Commissioner as limited line credit
2 insurance;

3 5. Surety - insurance or bond that covers obligations to pay
4 the debts of, or answer for the default of another, including
5 faithlessness in a position of public or private trust. For ~~purpose~~
6 purposes of limited line licensing, surety does not include surety
7 bail bonds; ~~and~~

8 6. Travel - insurance coverage for personal risks incident to
9 planned travel, including, but not limited to:

- 10 a. interruption or cancellation of trip or event,
11 b. loss of baggage or personal effects,
12 c. damages to accommodations or rental vehicles, or
13 d. sickness, accident, disability or death occurring
14 during travel.

15 Travel insurance does not include major medical plans, which
16 provide comprehensive medical protections for travelers with trips
17 lasting six (6) months or longer, including, but not limited to,
18 those working overseas as expatriate or military personnel deployed
19 overseas; and

20 7. Prepaid funeral benefits - insurance or annuity contracts
21 providing funding for formal funeral agreements to provide funeral
22 services and/or funeral service merchandise as secured by or
23 solicited by funeral establishments pursuant to Section 6125.2 of
24 this title. Licensees with the prepaid funeral benefits limited

1 lines license must be employed by the funeral establishment or
2 authorized to act on its behalf in the sale of funeral contracts and
3 the related life insurance or annuity funding.

4 B. 1. An insurance producer or limited lines producer may
5 solicit applications for and issue travel accident policies or
6 baggage insurance by means of mechanical vending machines supervised
7 by the insurance producer or limited lines producer only if the
8 Insurance Commissioner shall determine that the form of policy to be
9 sold is reasonably suited for sale and issuance through vending
10 machines, that use of vending machines for the sale of policies
11 would be of convenience to the public, and that the type of vending
12 machine to be used is reasonably suitable and practical for the sale
13 and issuance of policies. Policies so sold do not have to be
14 countersigned.

15 2. The Commissioner shall issue to the insurance agent or
16 limited insurance representative a special vending machine license
17 for each ~~such~~ machine to be used. The license shall specify the
18 name and address of the insurer and licensee, the kind of insurance
19 and type of policy to be sold, and the place where the machine is to
20 be in operation. The license shall expire, be renewable, and be
21 suspended or revoked coincidentally with the insurance agent license
22 or limited representative license of the licensee. The license fee
23 for each vending machine shall be that stated in the provisions of
24 Section 1435.23 of this title. Proof of existence of the license

1 shall be displayed on or about each machine in such manner as the
2 Commissioner may reasonably require.

3 SECTION 2. AMENDATORY 36 O.S. 2011, Section 1435.29, as
4 amended by Section 7, Chapter 11, O.S.L. 2012 (36 O.S. Supp. 2014,
5 Section 1435.29), is amended to read as follows:

6 Section 1435.29. A. 1. Each insurance producer, with the
7 exception of title producers and aircraft title producers or any
8 other producer exempt by rule, shall, biennially, complete not less
9 than twenty-one (21) clock hours of continuing insurance education.
10 Such education may include a written or oral examination.

11 2. Each customer service representative shall, biennially,
12 complete not less than ten (10) clock hours of continuing insurance
13 education.

14 3. Licensees, with the exception of title producers and
15 aircraft title producers or any other producer exempt by rule, shall
16 complete, in addition to the foregoing, three (3) clock hours of
17 ethics course work in this same period.

18 4. Each title producer and aircraft title producer shall,
19 biennially, complete not less than sixteen (16) clock hours of
20 continuing insurance education, two (2) hours of which shall be
21 ethics course work, which shall cover the line for which the
22 producer is licensed. Such education may include a written or oral
23 examination.
24

1 B. 1. The Insurance Commissioner shall approve courses and
2 providers of continuing education. The Insurance Department may use
3 one or more of the following to review and provide a nonbinding
4 recommendation to the Insurance Commissioner on approval or
5 disapproval of courses and providers of continuing education:

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

20 The Insurance Commissioner has sole authority to approve courses
21 and providers of continuing education. If the Insurance
22 Commissioner uses one of the entities listed above to provide a
23 nonbinding recommendation, the Commissioner shall adopt or decline
24 to adopt the recommendation within thirty (30) days of receipt of

1 the recommendation. In the event the Insurance Commissioner takes
2 no action within said thirty-day period, the recommendation made to
3 the Commissioner will be deemed to have been adopted by the
4 Commissioner.

5 The Insurance Commissioner may certify providers and courses
6 offered for license examination study. The Insurance Department
7 shall use employees of the Insurance Commissioner to review and
8 certify license examination study program providers and courses.

9 2. Each insurance company shall be allowed to provide
10 continuing education to insurance producers and customer service
11 representatives as required by this section; provided that such
12 continuing education meets the general standards for education
13 otherwise established by the Insurance Commissioner.

14 3. An insurance producer who, during the time period prior to
15 renewal, participates in a professional designation program,
16 approved by the Insurance Commissioner, shall be deemed to have met
17 the biennial requirement for continuing education.

18 The curriculum for the program shall total a minimum of twenty-
19 four (24) hours within a twenty-four-month period. Each approved
20 professional designation program included in this section shall be
21 reviewed for quality and compliance every three (3) years in
22 accordance with standardized criteria promulgated by rule.
23 Continuation of approved status is contingent upon the findings of
24 the review. The list of professional designation programs approved

1 under this paragraph shall be made available to producers and
2 providers annually.

3 4. The Insurance Department may promulgate rules providing that
4 courses or programs offered by professional associations shall
5 qualify for presumptive continuing education credit approval. The
6 rules shall include standardized criteria for reviewing the
7 professional associations' mission, membership, and other relevant
8 information, and shall provide a procedure for the Department to
9 disallow all or part of a presumptively approved course.
10 Professional association courses approved in accordance with this
11 paragraph shall be reviewed every three (3) years to determine
12 whether they continue to qualify for continuing education credit.

13 5. Subject to approval by the Commissioner, the active
14 membership of the licensed producer or broker in local, regional,
15 state, or national professional insurance organizations or
16 associations may be approved for up to one (1) annual hour of
17 instruction. The hour shall be credited upon timely filing with the
18 Commissioner, or designee of the Commissioner, and appropriate
19 written evidence acceptable to the Commissioner of such active
20 membership in the organization or association.

21 6. The active service of a licensed producer as a member of a
22 continuing education advisory committee, as described in paragraph 1
23 of this subsection, shall be deemed to qualify for continuing
24 education credit on an hour-for-hour basis.

1 C. 1. Annual fees and course submission fees shall be set
2 forth as a rule by the Commissioner. The fees are payable to the
3 Insurance Commissioner. Provided, public-funded educational
4 institutions, federal agencies, nonprofit organizations, not-for-
5 profit organizations, and Oklahoma state agencies shall be exempt
6 from this subsection.

7 2. The Commissioner may assess a civil penalty, after notice
8 and opportunity for hearing, against a continuing education provider
9 who fails to comply with the requirements of the Oklahoma Producer
10 Licensing Act, of not less than One Hundred Dollars (\$100.00) nor
11 more than Five Hundred Dollars (\$500.00), for each occurrence. The
12 civil penalty may be enforced in the same manner in which civil
13 judgments may be enforced.

14 D. Failure of an insurance producer or customer service
15 representative to comply with the requirements of the Oklahoma
16 Producer Licensing Act may, after notice and opportunity for
17 hearing, result in censure, suspension, nonrenewal of license or a
18 civil penalty of up to Five Hundred Dollars (\$500.00) or by both
19 such penalty and civil penalty. Said civil penalty may be enforced
20 in the same manner in which civil judgments may be enforced.

21 E. Limited lines producers and nonresident agents who have
22 successfully completed an equivalent or greater requirement shall be
23 exempt from the provisions of this section.
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1 F. Limited lines producers selling funding for formal prepaid
2 funeral contracts shall be exempt from the provisions of this
3 section; provided however, such producers shall obtain a minimum of
4 six (6) clock hours of continuing insurance education annually, two
5 (2) of which shall be ethics course work.

6 G. Members of the Legislature shall be exempt from this
7 section.

8 ~~G.~~ H. The Commissioner shall adopt and promulgate such rules as
9 are necessary for effective administration of this section.

10 SECTION 3. This act shall become effective November 1, 2015.

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