

1 ENGROSSED HOUSE AMENDMENTS
TO
2 ENGROSSED SENATE BILL NO. 1354 By: Quinn of the Senate
3 and
4 Mize of the House
5
6
7 [Service Warranty Act - more than one insurer - type
8 of administrative fee - home service contracts -
effective date]
9
10 AMENDMENT NO. 1. Page 1, restore the title
11 AMENDMENT NO. 2. Page 1, line 9, restore the enacting clause
12 AMENDMENT NO. 3. Page 15, line 16, delete SECTION 4 in its entirety
13 renumber subsequent Sections
14 and amend title to conform
15
16 Passed the House of Representatives the 28th day of April, 2022.
17
18
19 Presiding Officer of the House of
20 Representatives
21 Passed the Senate the ____ day of _____, 2022.
22
23
24 Presiding Officer of the Senate

1 ENGROSSED SENATE
2 BILL NO. 1354

By: Quinn of the Senate

3 and

4 Mize of the House

5
6 [Service Warranty Act - more than one insurer - type
7 of administrative fee - home service contracts -
8 effective date]

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

10 SECTION 1. AMENDATORY 15 O.S. 2021, Section 141.2, is
11 amended to read as follows:

12 Section 141.2. As used in the Service Warranty Act:

13 1. "Commissioner" means the Insurance Commissioner;

14 2. "Consumer product" means tangible personal property
15 primarily used for personal, family, or household purposes;

16 3. "Department" means the Insurance Department;

17 4. "Gross income" means the total amount of revenue received in
18 connection with business-related activity;

19 5. "Gross written provider fee" means the total amount of
20 consideration, inclusive of commissions, paid by a consumer for a
21 service warranty issued in this state;

22 6. "Impaired" means having liabilities in excess of assets;

23 7. "Indemnify" means to undertake repair or replacement of a
24 consumer product or a newly-constructed residential structure;

1 including any appliances, electrical, plumbing, heating, cooling or
2 air conditioning systems, in return for the payment of a segregated
3 provider fee, when the consumer product or residential structure
4 becomes defective or suffers operational failure;

5 8. "Insolvent" means any actual or threatened delinquency
6 including, but not limited to, any one or more of the following
7 circumstances:

8 a. (1) for an association relying on subsection A of
9 Section 141.6 of this title, if the association's
10 total liabilities exceed the association's total
11 assets as calculated in accordance with statutory
12 accounting principles, or

13 (2) for an association relying on subsection B of
14 Section 141.6 of this title, if the association's
15 total liabilities exceed the association's total
16 assets as calculated in accordance with generally
17 accepted accounting principles,

18 b. the business of any such association is being
19 conducted fraudulently, or

20 c. the association has knowingly overvalued its assets;

21 9. "Insurer" means any property or casualty insurer duly
22 authorized to transact such business in this state;

23 10. "Motor vehicle ancillary service" includes any one or more
24 of the following services:

- a. repair or replacement of tires and/or wheels on a motor vehicle damaged as a result of coming into contact with road hazards,
- b. the removal of dents, dings or creases on a motor vehicle that can be repaired using the process of paintless dent removal without affecting the existing paint finish and without replacement vehicle body panels, sanding, bonding or painting,
- c. the repair of chips or cracks in or the replacement of motor vehicle windshields as a result of damage caused by road hazards,
- d. the replacement of a motor vehicle key or key fob in the event that the key or key fob becomes inoperable or is lost or stolen,
- e. payment to or services provided under the terms of an ancillary protection product, or
- f. other services which may be approved by the Commissioner, if not inconsistent with other provisions of this act.

A motor vehicle ancillary service does not include repair and/or replacement of damage to the interior surfaces of a vehicle, or for repair and/or replacement of damage to the exterior paint or finish of a vehicle; however, such coverage may be offered in connection

1 with the sale of a motor vehicle ancillary protection product as
2 defined in this section;

3 11. "Motor vehicle ancillary protection product" or "ancillary
4 protection product" means a protective chemical substance, device or
5 system that:

- 6 a. is installed on or applied to a motor vehicle,
- 7 b. is designed to prevent loss or damage to a motor
8 vehicle from a specific cause, and
- 9 c. includes, within or as an accompaniment to a service
10 warranty, a written agreement that provides that, if
11 the ancillary protection product fails to prevent loss
12 or damage to a motor vehicle from a specific cause,
13 the provider will pay to or on behalf of the service
14 warranty holder specified incidental costs as a result
15 of the failure of the ancillary protection product to
16 perform pursuant to the terms of the ancillary
17 protection product warranty. The reimbursement of
18 incidental cost(s) promised under an ancillary
19 protection product warranty must be tied to the
20 purchase of a physical product that is formulated or
21 designed to make the specified loss or damage from a
22 specific cause less likely to occur.

23 For purposes of this section, the term ancillary protection
24 product shall include, but not be limited to, protective chemicals,

1 alarm systems, body-part-marking products, steering locks, window-
2 etch products, pedal and ignition locks, fuel and ignition kill
3 switches and electronic, radio or satellite tracking devices.

4 Ancillary protection product does not include fuel additives, oil
5 additives or other chemical products applied to the engine,
6 transmission, or fuel system of a motor vehicle;

7 12. "Net assets" means the amount by which the total assets of
8 an association exceed the total liabilities of the association;

9 13. "Person" includes an individual, company, corporation,
10 association, insurer, agent and any other legal entity;

11 14. "Provider fee" means the total consideration received or to
12 be received, including sales commissions, by whatever name called,
13 by a service warranty association for, or related to, the issuance
14 and delivery of a service warranty, including any charges designated
15 as assessments or fees for membership, policy, survey, inspection,
16 or service or other charges. However, a repair charge is not a
17 provider fee unless it exceeds the usual and customary repair fee
18 charged by the association, provided the repair is made before the
19 issuance and delivery of the warranty;

20 15. "Road hazard" means a hazard that is encountered while
21 driving a motor vehicle and which may include, but not be limited
22 to, potholes, rocks, wood debris, metal parts, glass, plastic, curbs
23 or composite scraps;

1 16. "Sales representative" means any person utilized by an
2 insurer or service warranty association for the purpose of selling
3 or issuing service warranties;

4 17. "Service warranty" means a contract or agreement for a
5 separately stated consideration for a specific duration to perform
6 the repair or replacement of property or indemnification for repair
7 or replacement for the operational or structural failure due to a
8 defect or failure in materials or workmanship, with or without
9 additional provision for incidental payment of indemnity under
10 limited circumstances, including, but not limited to, failure due to
11 normal wear and tear, towing, rental and emergency road service,
12 road hazard, power surge, and accidental damage from handling or as
13 otherwise provided for in the contract or agreement. The term
14 "service warranty" includes a contract or agreement to provide one
15 or more motor vehicle ancillary service(s) as defined by this
16 section. However:

- 17 a. maintenance service contracts under the terms of which
18 there are no provisions for such indemnification are
19 expressly excluded from this definition,
- 20 b. those contracts issued solely by the manufacturer,
21 distributor, importer or seller of the product, or any
22 affiliate or subsidiary of the foregoing entities,
23 whereby such entity has contractual liability
24 insurance policies in place, from ~~an insurer~~ one or

1 more insurers licensed in the state, which ~~covers~~
2 collectively cover one hundred percent (100%) of the
3 claims exposure on all contracts written without being
4 predicated on the failure to perform under such
5 contracts, are expressly excluded from this
6 definition,

7 c. the term "service warranty" does not include service
8 contracts entered into between consumers and nonprofit
9 organizations or cooperatives the members of which
10 consist of condominium associations and condominium
11 owners, which contracts require the performance of
12 repairs and maintenance of appliances or maintenance
13 of the residential property,

14 d. the term "service warranty" does not include
15 warranties, guarantees, extended warranties, extended
16 guarantees, contract agreements or any other service
17 contracts issued by a company which performs at least
18 seventy percent (70%) of the service work itself and
19 not through subcontractors, and which has been selling
20 and honoring such contracts in this state for at least
21 twenty (20) years,

22 e. the term "service warranty" does not include
23 warranties, guarantees, extended warranties, extended
24 guarantees, contract agreements or any other service

1 contracts, whether or not such service contracts
2 otherwise meet the definition of service warranty,
3 issued by a company which has net assets in excess of
4 One Hundred Million Dollars (\$100,000,000.00). A
5 service warranty association may use the net assets of
6 a parent company to qualify under this section if the
7 net assets of the company issuing the policy total at
8 least Twenty-five Million Dollars (\$25,000,000.00) and
9 the parent company maintains net assets of at least
10 Seventy-five Million Dollars (\$75,000,000.00) not
11 including the net assets held by the service warranty
12 associations,

13 f. service warranties are not insurance in this state or
14 otherwise regulated under the Insurance Code, and

15 g. motor service club contracts governed under Article 31
16 of Title 36 of the Oklahoma Statutes are expressly
17 excluded from this definition;

18 18. "Service warranty association" or "association" means any
19 person, other than an authorized insurer, contractually obligated to
20 a service warranty holder under the terms of a service warranty;
21 provided, this term shall not mean any person engaged in the
22 business of erecting or otherwise constructing a new home;

23 19. "Warrantor" means any service warranty association engaged
24 in the sale of service warranties and deriving not more than fifty

1 percent (50%) of its gross income from the sale of service
2 warranties; and

3 20. "Warranty seller" means any service warranty association
4 engaged in the sale of service warranties and deriving more than
5 fifty percent (50%) of its gross income from the sale of service
6 warranties.

7 SECTION 2. AMENDATORY 15 O.S. 2021, Section 141.6, is
8 amended to read as follows:

9 Section 141.6. A. An association licensed pursuant to the
10 Service Warranty Act shall maintain a funded, unearned reserve
11 account, consisting of unencumbered assets, equal to a minimum of
12 twenty-five percent (25%) of the gross written provider fees
13 received on all warranty contracts in force, wherever written. In
14 the case of multiyear contracts which are offered by associations
15 having net assets of less than Five Hundred Thousand Dollars
16 (\$500,000.00) for which provider fees are collected in advance for
17 coverage in a subsequent year, one hundred percent (100%) of the
18 provider fees for such subsequent years shall be placed in the
19 funded, unearned reserve account. Additionally, an association
20 establishing such reserve account shall also place in trust with the
21 Insurance Commissioner a surety bond issued by an authorized surety
22 having a value of not less than five percent (5%) of the gross
23 provider fee received, less claims paid, on the sale of the service
24 warranties for all service warranties issued and in force in this

1 state, but in no event shall the bond be less than Twenty-five
2 Thousand Dollars (\$25,000.00).

3 B. An association shall not be required to establish an
4 unearned reserve or demonstrate the minimum writing ratio required
5 by subsection D of this section if it has purchased ~~an~~ one or more
6 insurance ~~policy~~ policies ~~which demonstrates to the satisfaction of~~
7 ~~the Insurance Commissioner~~ that collectively cover one hundred
8 percent (100%) of its claim exposure is covered by such policy and
9 that the policy satisfies the requirements of this section. The
10 insurance shall be obtained from ~~an insurer~~ one or more insurers
11 that ~~is~~ are licensed, registered, or otherwise authorized to do
12 business in this state, that is rated B++ or better by A.M. Best
13 Company, Inc., and that meets the requirements of subsection C of
14 this section. For the purposes of this subsection, the insurance
15 policy shall contain the following provisions:

16 1. In the event that the service warranty association is unable
17 to fulfill its obligation under contracts issued in this state for
18 any reason, including insolvency, bankruptcy, or dissolution, the
19 insurer will pay losses and unearned provider fees under such plans
20 directly to the person making a claim under the contract;

21 2. The insurer issuing the insurance policy shall assume full
22 responsibility for the administration of claims in the event of the
23 inability of the association to do so; and
24

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

5 C. ~~The~~ Each insurer providing the insurance policy used to
6 satisfy the financial responsibility requirements of subsection B of
7 this section must meet one of the following standards:

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

10 a. maintain surplus as to policyholders and paid-in
11 capital of at least Fifteen Million Dollars
12 (\$15,000,000.00), and

13 b. annually file copies of the audited financial
14 statements of the insurer, its NAIC Annual Statement,
15 and the actuarial certification required by and filed
16 in the state of domicile of the insurer; or

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

19 a. maintain surplus as to policyholders and paid-in
20 capital of less than Fifteen Million Dollars
21 (\$15,000,000.00) but at least equal to Ten Million
22 Dollars (\$10,000,000.00),

23 b. demonstrate to the satisfaction of the Commissioner
24 that the company maintains a ratio of net written

1 premiums, wherever written, to surplus as to
2 policyholders and paid-in capital of not greater than
3 three to one, and

4 c. annually file copies of the audited financial
5 statements of the insurer, its NAIC Annual Statement,
6 and the actuarial certification required by and filed
7 in the state of domicile of the insurer.

8 D. No warrantor or warranty seller shall allow its gross
9 written provider fees to exceed seven to one ratio to net assets.

10 E. If the gross written provider fees of a warrantor or a
11 warranty seller exceed the required net asset ratios, the
12 Commissioner may require, in addition to other measures as the
13 Commissioner deems necessary, any one or more of the following:

- 14 1. A complete review of financial condition;
- 15 2. An increase in deposit;
- 16 3. A suspension of any new writings; or
- 17 4. Capital infusion into the business.

18 SECTION 3. AMENDATORY 15 O.S. 2021, Section 141.7, is
19 amended to read as follows:

20 Section 141.7. A. An application for license as a service
21 warranty association shall be made to, and filed with, the Insurance
22 Commissioner on printed forms as prescribed and furnished by the
23 Insurance Commissioner.

1 B. In addition to information relative to its qualifications as
2 required under Section 141.5 of this title, the Commissioner may
3 require that the application show:

- 4 1. The location of the home office of the applicant;
- 5 2. The name and residence address of each director or officer
6 of the applicant; and
- 7 3. Other pertinent information as may be required by the
8 Commissioner.

9 C. The Commissioner may require that the application, when
10 filed, be accompanied by:

11 1. A copy of the articles of incorporation of the applicant,
12 certified by the public official having custody of the original, and
13 a copy of the bylaws of the applicant, certified by the chief
14 executive officer of the applicant;

15 2. A copy of the most recent financial statement of the
16 applicant, which must be:

- 17 a. audited if the applicant complies with the
18 requirements of subsection A of Section 141.6 of this
19 title, or
- 20 b. verified under oath of at least two of its principal
21 officers if the applicant utilizes ~~an~~ one or more
22 insurance policy which satisfies policies that satisfy
23 the requirements of subsection B of Section 141.6 of
24 this title; and

1 3. A license fee as required pursuant to Section 141.4 of this
2 title.

3 D. Upon completion of the application for license, the
4 Commissioner shall examine the application and make such further
5 investigation of the applicant as the Commissioner deems advisable.
6 If the Commissioner finds that the applicant is qualified, the
7 Commissioner shall issue to the applicant a license as a service
8 warranty association. If the Commissioner does not find the
9 applicant to be qualified the Commissioner shall refuse to issue the
10 license and shall give the applicant written notice of the refusal,
11 setting forth the grounds of the refusal.

12 E. 1. Any entity that claims one or more of the exclusions
13 from the definition of service warranty provided in paragraph 17 of
14 Section 141.2 of this title shall file audited financial statements
15 and other information as requested by the Commissioner to document
16 and verify that the contracts of the entity are not included within
17 the definition of service warranty. Financial statements are not
18 required to be filed by an entity claiming one of the exclusions set
19 forth in subparagraphs a and b of paragraph 17 of Section 141.2 of
20 this title.

21 2. Any entity that begins claiming an exclusion exemption as
22 provided by paragraph 17 of Section 141.2 of this title shall make
23 the filing required by subsection A of this section prior to
24 conducting or continuing business in this state.

1 3. Any entity approved for an exclusion exemption as provided
2 by paragraph 17 of Section 141.2 of this title may be required by
3 the Commissioner to provide subsequent information ascertained by
4 the Commissioner to be necessary to determine continued
5 qualification for an exclusion exemption as provided by paragraph 17
6 of Section 141.2 of this title. Financial statements shall not be
7 required to be filed by an entity claiming one of the exclusions set
8 forth in subparagraphs a and b of paragraph 17 of Section 141.2 of
9 this title.

10 4. Other information requested by the Commissioner may include,
11 but is not limited to, SEC filings, audited financial statements of
12 affiliates, and organizational data and organizational charts.
13 Financial statements shall not be required to be filed by an entity
14 claiming one of the exclusions set forth in subparagraphs a and b of
15 paragraph 17 of Section 141.2 of this title.

16 SECTION 4. AMENDATORY 15 O.S. 2021, Section 141.14, is
17 amended to read as follows:

18 Section 141.14. A. In addition to the license fees provided in
19 the Service Warranty Act for service warranty associations each
20 service warranty association and insurer shall annually, on or
21 before the first day of May, file with the Insurance Commissioner
22 its annual financial statement showing all gross written provider
23 fees or assessments received by it in connection with the issuance
24 of service warranties in this state during the preceding calendar

1 year and other relevant financial information as deemed necessary by
2 the Commissioner. The financial statements required by this
3 subsection must be:

4 1. Audited and prepared in accordance with statutory accounting
5 principles if the applicant complies with the requirements of
6 subsection A of Section 141.6 of this title; or

7 2. Verified under oath of at least two of its principal
8 officers and prepared in accordance with generally accepted
9 accounting principles if the applicant utilizes an insurance policy
10 which satisfies the requirements of subsection B of Section 141.6 of
11 this title.

12 B. The Commissioner may levy a fine of up to One Hundred
13 Dollars (\$100.00) a day for each day an association neglects to file
14 its financial statement in the form and within the time provided by
15 the Service Warranty Act.

16 C. In addition to the annual financial statements required to
17 be filed by subsection A of this section, the Commissioner may
18 require of licensees, under oath and in the form prescribed by it,
19 quarterly statements or special reports which the Commissioner deems
20 necessary for the proper supervision of licensees under the Service
21 Warranty Act.

22 D. Provider fees and assessments received by associations and
23 insurers for service warranties shall not be subject to the premium
24 tax provided in Section 624 of Title 36 of the Oklahoma Statutes,

1 but shall be subject to an administrative fee of equal to two
2 percent (2%) of the gross provider fee received on the sale of all
3 service warranties issued in this state during the preceding
4 calendar quarter. The fees shall be paid quarterly to the Insurance
5 Commissioner. However, licensed associations, licensed insurers and
6 entities with applications for licensure as a service warranty
7 association pending with the Department that have contractual
8 liability insurance in place as of March 31, 2009, from an insurer
9 which satisfies the requirements of subsections B and C of Section
10 141.6 of this title and which covers one hundred percent (100%) of
11 the claims exposure of the association or insurer on all contracts
12 written may elect to shall pay an annual administrative fee of Three
13 Thousand Dollars (\$3,000.00) in lieu of the two percent
14 administrative fee.

15 SECTION 5. AMENDATORY 36 O.S. 2021, Section 6753, is
16 amended to read as follows:

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

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

21 2. Provided a copy of the home service contract to the service
22 contract holder within a reasonable period of time from the date of
23 purchase.
24

1 B. Each provider of home service contracts sold in this state
2 shall file a registration with, and on a form prescribed by, the
3 Insurance Commissioner consisting of their name, full corporate
4 physical street address, telephone number, contact person and a
5 designated person in this state for service of process. Each
6 provider shall pay to the Commissioner a fee in the amount of One
7 Thousand Two Hundred Dollars (\$1,200.00) upon initial registration
8 and every three (3) years thereafter. Each provider shall pay to
9 the Commissioner an Antifraud Assessment Fee of Two Thousand Two
10 Hundred Fifty Dollars (\$2,250.00) upon initial registration and
11 every three (3) years thereafter. The registration need only be
12 updated by written notification to the Commissioner if material
13 changes occur in the registration on file. A proper registration is
14 de facto a license to conduct business in Oklahoma and may be
15 suspended as provided in Section 6755 of this title. Fees received
16 from home service contract providers shall not be subject to any
17 premium tax, but shall be subject to an administrative fee equal to
18 two percent (2%) of the gross fees received on the sale of all home
19 service contracts issued in this state during the preceding calendar
20 quarter. The fees shall be paid quarterly to the Commissioner and
21 submitted along with a report on a form prescribed by the
22 Commissioner. However, service contract providers may elect to pay
23 an annual administrative fee of Three Thousand Dollars (\$3,000.00)
24 in lieu of the two-percent administrative fee, if the provider

1 maintains an insurance policy or policies as provided in paragraph 3
2 of subsection C of this section.

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

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

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

- 22 (1) a surety bond issued by an authorized surety,
23 (2) securities of the type eligible for deposit by
24 authorized insurers in this state,

- 1 (3) a letter of credit issued by a qualified
2 financial institution, or
3 (4) another form of security prescribed by rule
4 promulgated by the Commissioner;

- 5 2. a. maintain, or together with its parent company
6 maintain, a net worth or stockholders' equity of
7 Twenty-five Million Dollars (\$25,000,000.00),
8 excluding goodwill, intangible assets, customer lists
9 and affiliated receivables, and
10 b. upon request, provide the Commissioner with a copy of
11 the provider's or the provider's parent company's most
12 recent Form 10-K or Form 20-F filed with the
13 Securities and Exchange Commission (SEC) within the
14 last calendar year, or if the company does not file
15 with the SEC, a copy of the company's financial
16 statements, which shows a net worth of the provider or
17 its parent company of at least Twenty-five Million
18 Dollars (\$25,000,000.00) based upon Generally Accepted
19 Accounting Principles (GAAP) accounting standards. If
20 the provider's parent company's Form 10-K, Form 20-F,
21 or financial statements are filed to meet the
22 provider's financial stability requirement, then the
23 parent company shall agree to guarantee the
24

obligations of the provider relating to service
contracts sold by the provider in this state; or

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

- a. in the event that the provider is unable to fulfill
its obligation under contracts issued in this state
for any reason, including insolvency, bankruptcy, or
dissolution, the insurer shall pay losses and unearned
premiums under such plans directly to the person
making the claim under the contract,
- b. the insurer issuing the insurance policy shall assume
full responsibility for the administration of claims
in the event of the inability of the provider to do
so, and
- c. the policy shall not be canceled or not renewed by
either the insurer or the provider unless sixty (60)

1 days' written notice thereof has been given to the
2 Commissioner by the insurer before the date of such
3 cancellation or nonrenewal.

4 D. ~~The~~ Each insurer providing ~~the~~ an insurance policy used to
5 satisfy the financial responsibility requirements of paragraph 3 of
6 subsection C of this section shall meet one of the following
7 standards:

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

10 a. maintain surplus as to policyholders and paid-in
11 capital of at least Fifteen Million Dollars
12 (\$15,000,000.00), and

13 b. annually file copies of the audited financial
14 statements of the insurer, its National Association of
15 Insurance Commissioners (NAIC) Annual Statement, and
16 the actuarial certification required by and filed in
17 the state of domicile of the insurer; or

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

20 a. maintain surplus as to policyholders and paid-in
21 capital of less than Fifteen Million Dollars
22 (\$15,000,000.00),

23 b. demonstrate to the satisfaction of the Commissioner
24 that the company maintains a ratio of net written

1 premiums, wherever written, to surplus as to
2 policyholders and paid-in capital of not greater than
3 three to one, and

4 c. annually file copies of the audited financial
5 statements of the insurer, its NAIC Annual Statement,
6 and the actuarial certification required by and filed
7 in the state of domicile of the insurer.

8 E. Except for the registration requirements in subsection B of
9 this section, providers, administrators and other persons marketing,
10 selling or offering to sell home service contracts are exempt from
11 any licensing requirements of this state and shall not be subject to
12 other registration information or security requirements. Home
13 service contract providers as defined in Section 6752 of this title
14 and properly registered under this law are exempt from any treatment
15 pursuant to the Service Warranty Act. Home service contract
16 providers applying for registration under the Oklahoma Home Service
17 Contract Act that have not been registered in the preceding twelve
18 (12) months under the Oklahoma Home Service Contract Act may be
19 subject to a thirty-day prior review before their registration is
20 deemed complete. Said applications shall be deemed complete after
21 thirty (30) days unless the Commissioner takes action in that period
22 under Section 6755 of this title, for cause shown, to suspend their
23 registration.

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

SECTION 6. This act shall become effective November 1, 2022.

Passed the Senate the 21st day of March, 2022.

Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____,
2022.

Presiding Officer of the House
of Representatives