

STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

COMMITTEE SUBSTITUTE  
FOR ENGROSSED  
HOUSE BILL 2403

By: Russ of the House

and

Quinn of the Senate

COMMITTEE SUBSTITUTE

An Act relating to licenses and certificates;  
amending 36 O.S. 2011, Section 1435.13, as amended by  
Section 3, Chapter 294, O.S.L. 2019 (36 O.S. Supp.  
2020, Section 1435.13), which relates to the Oklahoma  
Producer Licensing Act; requiring certain  
notification before termination of certain license;  
providing exemption; and providing an effective date.

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

SECTION 1. AMENDATORY 36 O.S. 2011, Section 1435.13, as  
amended by Section 3, Chapter 294, O.S.L. 2019 (36 O.S. Supp. 2020,  
Section 1435.13), is amended to read as follows:

Section 1435.13. A. The Insurance Commissioner may place on  
probation, censure, suspend, revoke or refuse to issue or renew a  
license issued pursuant to the Oklahoma Producer Licensing Act or  
may levy a civil penalty in accordance with subsection D of this

1 section or any combination of actions, for any one or more of the  
2 following causes:

3 1. Providing incorrect, misleading, incomplete or materially  
4 untrue information in the license application;

5 2. Violating any insurance laws, or violating any regulation,  
6 subpoena or order of the Insurance Commissioner or of another  
7 state's Insurance Commissioner;

8 3. Obtaining or attempting to obtain a license through  
9 misrepresentation or fraud;

10 4. Improperly withholding, misappropriating or converting any  
11 monies or properties received in the course of doing insurance  
12 business;

13 5. Intentionally misrepresenting the terms of an actual or  
14 proposed insurance contract or application for insurance;

15 6. Having been convicted of a felony;

16 7. Having admitted or been found to have committed any  
17 insurance unfair trade practice or fraud;

18 8. Using fraudulent, coercive~~7~~ or dishonest practices, or  
19 demonstrating incompetence, untrustworthiness or financial  
20 irresponsibility in the conduct of business in this state or  
21 elsewhere;

22 9. Having an insurance producer license, or its equivalent,  
23 denied, suspended, censured, placed on probation or revoked in any  
24 other state, province, district or territory;

1        10. Forging another's name to an application for insurance or  
2 to any document related to an insurance transaction;

3        11. Improperly using notes or any other reference material to  
4 complete an examination for an insurance license;

5        12. Knowingly accepting insurance business from an individual  
6 who is not licensed;

7        13. Failing to comply with an administrative or court order  
8 imposing a child support obligation;

9        14. Failing to pay state income tax or comply with any  
10 administrative or court order directing payment of state income tax;

11       15. Failing to respond to an inquiry from the Department as  
12 required in Section 1250.4 of this title; or

13       16. Any cause for which an original issuance of a license could  
14 have been refused.

15       B. 1. In the event that the action by the Insurance  
16 Commissioner is to nonrenew or to deny an application for a license,  
17 the Insurance Commissioner shall notify the applicant or licensee  
18 and advise the applicant or licensee, in writing, of the reason for  
19 the denial or nonrenewal of the applicant's or licensee's license.  
20 The applicant or licensee may make written demand upon the Insurance  
21 Commissioner within thirty (30) days of the date of notification of  
22 the notification by the Insurance Commissioner for a hearing before  
23 the Insurance Commissioner or an independent hearing examiner to  
24 determine the reasonableness of the Insurance Commissioner's action.

1 The hearing shall be heard within a reasonable time period and shall  
2 be held pursuant to the Oklahoma Administrative Procedures Act.

3 2. The Insurance Department shall only terminate a license  
4 issued pursuant to the Oklahoma Producer Licensing Act that failed  
5 to renew after a twelve-month inactive period upon notification by  
6 first-class mail ninety (90) days prior to termination of the  
7 license. The provisions of this subsection shall not apply to a  
8 licensee that willfully and knowingly violates any provision of this  
9 Code as to which refusal, suspension or revocation is mandatory.

10 C. The license of a business entity may be suspended, revoked  
11 or refused if the Insurance Commissioner finds, after opportunity  
12 for hearing, that an individual licensee's violation was known or  
13 should have been known by one or more of the partners, officers or  
14 managers acting on behalf of the partnership or corporation and the  
15 violation was neither reported to the Insurance Commissioner nor  
16 corrective action taken.

17 D. In addition to or in lieu of any applicable denial,  
18 probation, censure, suspension or revocation of a license, a person  
19 may, after opportunity for hearing, be subject to a civil fine of  
20 not less than One Hundred Dollars (\$100.00) nor more than One  
21 Thousand Dollars (\$1,000.00) for each occurrence. The penalty may  
22 be enforced in the same manner in which civil judgments may be  
23 enforced.

1 E. Every licensee licensed pursuant to the provisions of the  
2 Oklahoma Producer Licensing Act shall keep at the licensee's place  
3 of business the usual and customary records pertaining to  
4 transactions authorized by the license. All records as to any  
5 particular transactions shall be kept available and open to the  
6 inspection of the Commissioner at any time during business hours  
7 during the three (3) years immediately following the date of  
8 completion of the transaction. The Commissioner may require a  
9 financial or market conduct examination during any investigation of  
10 a licensee. The cost of such examination shall be apportioned among  
11 all of the appointing insurers of the licensee.

12 F. The Insurance Commissioner shall retain the authority to  
13 enforce the provisions of and impose any penalty or remedy  
14 authorized by the Oklahoma Producer Licensing Act and ~~Title 36 of~~  
15 ~~the Oklahoma Statutes~~ this title against any person who is under  
16 investigation for or charged with a violation of the Oklahoma  
17 Producer Licensing Act or ~~Title 36 of the Oklahoma Statutes~~ this  
18 title even if the person's license or registration has been  
19 surrendered or has lapsed by operation of law.

20 G. Files pertaining to investigations or legal matters which  
21 contain information concurring a current and ongoing investigation  
22 of allegations of violations of the Oklahoma Insurance Code by a  
23 licensed agent shall not be available for public inspection without  
24 proper judicial authorization; however, a licensee under

1 investigation for alleged violations of the Oklahoma Insurance Code,  
2 or against whom an action for alleged violations of the Oklahoma  
3 Insurance Code has been commenced, may view evidence and complaints  
4 pertaining to the investigation, other than privileged information,  
5 at reasonable times at the Commissioner's office. All qualification  
6 examination materials, booklets and answers for any license  
7 authorized to be issued by the Commissioner under any statute shall  
8 not be available for public inspection. The residence address,  
9 residence telephone number, birth date, and Social Security number  
10 of a licensee shall not be available for public inspection. A  
11 separate business or mailing address provided by the licensee shall  
12 be considered a public record. If the residence and business  
13 addresses or residence and business telephone numbers are the same,  
14 such addresses or telephone numbers shall be considered a public  
15 record.

16 H. The Commissioner shall promptly notify all appointing  
17 insurers, where applicable, and the licensee regarding any censure,  
18 suspension, revocation or termination of license by the  
19 Commissioner.

20 I. Upon suspension, revocation or termination of the license of  
21 a resident or nonresident of this state, the Commissioner shall  
22 notify the Central Office of the National Association of Insurance  
23 Commissioners, or its appropriate nonprofit affiliates and the  
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1 Insurance Commissioner of each state for whom the Commissioner has  
2 executed a certificate of licensure status.

3 J. The Commissioner may issue a duplicate license for any lost,  
4 stolen or destroyed license issued pursuant to the Oklahoma Producer  
5 Licensing Act upon an affidavit of the licensee prescribed by the  
6 Commissioner concerning the facts of such loss, theft or  
7 destruction.

8 SECTION 2. This act shall become effective November 1, 2021.

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10 58-1-2053 CB 4/5/2021 11:39:07 AM

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