

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

SENATE BILL 1354

By: Quinn

AS INTRODUCED

An Act relating to Service Warranty Act; amending 15 O.S. 2021, Sections 141.2, 141.6, 141.7, and 141.14, which relate to definitions, licensee duties, and annual statements; modifying definition; allowing for service warranty contracts or agreements to include more than one insurer; conforming language; modifying type of administrative fee to be paid and the requirement to pay; amending 36 O.S. 2021, Section 6753, which relates to home service contracts; conforming language; and providing an effective date.

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

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

Section 141.2. As used in the Service Warranty Act:

1. "Commissioner" means the Insurance Commissioner;
2. "Consumer product" means tangible personal property primarily used for personal, family, or household purposes;
3. "Department" means the Insurance Department;
4. "Gross income" means the total amount of revenue received in connection with business-related activity;

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

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

5        7. "Indemnify" means to undertake repair or replacement of a  
6 consumer product or a newly-constructed residential structure,  
7 including any appliances, electrical, plumbing, heating, cooling or  
8 air conditioning systems, in return for the payment of a segregated  
9 provider fee, when the consumer product or residential structure  
10 becomes defective or suffers operational failure;

11        8. "Insolvent" means any actual or threatened delinquency  
12 including, but not limited to, any one or more of the following  
13 circumstances:

14            a.     (1)    for an association relying on subsection A of  
15                        Section 141.6 of this title, if the association's  
16                        total liabilities exceed the association's total  
17                        assets as calculated in accordance with statutory  
18                        accounting principles, or

19                        (2)    for an association relying on subsection B of  
20                        Section 141.6 of this title, if the association's  
21                        total liabilities exceed the association's total  
22                        assets as calculated in accordance with generally  
23                        accepted accounting principles,

1           b.    the business of any such association is being  
2                conducted fraudulently, or

3           c.    the association has knowingly overvalued its assets;

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

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

8           a.    repair or replacement of tires and/or wheels on a  
9                motor vehicle damaged as a result of coming into  
10              contact with road hazards,

11          b.    the removal of dents, dings or creases on a motor  
12                vehicle that can be repaired using the process of  
13              paintless dent removal without affecting the existing  
14              paint finish and without replacement vehicle body  
15              panels, sanding, bonding or painting,

16          c.    the repair of chips or cracks in or the replacement of  
17                motor vehicle windshields as a result of damage caused  
18              by road hazards,

19          d.    the replacement of a motor vehicle key or key fob in  
20                the event that the key or key fob becomes inoperable  
21              or is lost or stolen,

22          e.    payment to or services provided under the terms of an  
23                ancillary protection product, or  
24

1           f.    other services which may be approved by the  
2                   Commissioner, if not inconsistent with other  
3                   provisions of this act.

4           A motor vehicle ancillary service does not include repair and/or  
5 replacement of damage to the interior surfaces of a vehicle, or for  
6 repair and/or replacement of damage to the exterior paint or finish  
7 of a vehicle; however, such coverage may be offered in connection  
8 with the sale of a motor vehicle ancillary protection product as  
9 defined in this section;

10          11.   "Motor vehicle ancillary protection product" or "ancillary  
11 protection product" means a protective chemical substance, device or  
12 system that:

- 13           a.    is installed on or applied to a motor vehicle,
- 14           b.    is designed to prevent loss or damage to a motor  
15                   vehicle from a specific cause, and
- 16           c.    includes, within or as an accompaniment to a service  
17                   warranty, a written agreement that provides that, if  
18                   the ancillary protection product fails to prevent loss  
19                   or damage to a motor vehicle from a specific cause,  
20                   the provider will pay to or on behalf of the service  
21                   warranty holder specified incidental costs as a result  
22                   of the failure of the ancillary protection product to  
23                   perform pursuant to the terms of the ancillary  
24                   protection product warranty. The reimbursement of

1 incidental cost(s) promised under an ancillary  
2 protection product warranty must be tied to the  
3 purchase of a physical product that is formulated or  
4 designed to make the specified loss or damage from a  
5 specific cause less likely to occur.

6 For purposes of this section, the term ancillary protection  
7 product shall include, but not be limited to, protective chemicals,  
8 alarm systems, body-part-marking products, steering locks, window-  
9 etch products, pedal and ignition locks, fuel and ignition kill  
10 switches and electronic, radio or satellite tracking devices.

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

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

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

18 14. "Provider fee" means the total consideration received or to  
19 be received, including sales commissions, by whatever name called,  
20 by a service warranty association for, or related to, the issuance  
21 and delivery of a service warranty, including any charges designated  
22 as assessments or fees for membership, policy, survey, inspection,  
23 or service or other charges. However, a repair charge is not a  
24 provider fee unless it exceeds the usual and customary repair fee

1 charged by the association, provided the repair is made before the  
2 issuance and delivery of the warranty;

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

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

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

- 1 a. maintenance service contracts under the terms of which  
2 there are no provisions for such indemnification are  
3 expressly excluded from this definition,
- 4 b. those contracts issued solely by the manufacturer,  
5 distributor, importer or seller of the product, or any  
6 affiliate or subsidiary of the foregoing entities,  
7 whereby such entity has contractual liability  
8 insurance policies in place, from ~~an insurer~~ one or  
9 more insurers licensed in the state, which ~~covers~~  
10 collectively cover one hundred percent (100%) of the  
11 claims exposure on all contracts written without being  
12 predicated on the failure to perform under such  
13 contracts, are expressly excluded from this  
14 definition,
- 15 c. the term "service warranty" does not include service  
16 contracts entered into between consumers and nonprofit  
17 organizations or cooperatives the members of which  
18 consist of condominium associations and condominium  
19 owners, which contracts require the performance of  
20 repairs and maintenance of appliances or maintenance  
21 of the residential property,
- 22 d. the term "service warranty" does not include  
23 warranties, guarantees, extended warranties, extended  
24 guarantees, contract agreements or any other service

1 contracts issued by a company which performs at least  
2 seventy percent (70%) of the service work itself and  
3 not through subcontractors, and which has been selling  
4 and honoring such contracts in this state for at least  
5 twenty (20) years,

6 e. the term "service warranty" does not include  
7 warranties, guarantees, extended warranties, extended  
8 guarantees, contract agreements or any other service  
9 contracts, whether or not such service contracts  
10 otherwise meet the definition of service warranty,  
11 issued by a company which has net assets in excess of  
12 One Hundred Million Dollars (\$100,000,000.00). A  
13 service warranty association may use the net assets of  
14 a parent company to qualify under this section if the  
15 net assets of the company issuing the policy total at  
16 least Twenty-five Million Dollars (\$25,000,000.00) and  
17 the parent company maintains net assets of at least  
18 Seventy-five Million Dollars (\$75,000,000.00) not  
19 including the net assets held by the service warranty  
20 associations,

21 f. service warranties are not insurance in this state or  
22 otherwise regulated under the Insurance Code, and  
23  
24  
25



1           g.    motor service club contracts governed under Article 31  
2                   of Title 36 of the Oklahoma Statutes are expressly  
3                   excluded from this definition;

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

9           19.   "Warrantor" means any service warranty association engaged  
10   in the sale of service warranties and deriving not more than fifty  
11   percent (50%) of its gross income from the sale of service  
12   warranties; and

13          20.   "Warranty seller" means any service warranty association  
14   engaged in the sale of service warranties and deriving more than  
15   fifty percent (50%) of its gross income from the sale of service  
16   warranties.

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

19          Section 141.6.   A.   An association licensed pursuant to the  
20   Service Warranty Act shall maintain a funded, unearned reserve  
21   account, consisting of unencumbered assets, equal to a minimum of  
22   twenty-five percent (25%) of the gross written provider fees  
23   received on all warranty contracts in force, wherever written.   In  
24   the case of multiyear contracts which are offered by associations

1 having net assets of less than Five Hundred Thousand Dollars  
2 (\$500,000.00) for which provider fees are collected in advance for  
3 coverage in a subsequent year, one hundred percent (100%) of the  
4 provider fees for such subsequent years shall be placed in the  
5 funded, unearned reserve account. Additionally, an association  
6 establishing such reserve account shall also place in trust with the  
7 Insurance Commissioner a surety bond issued by an authorized surety  
8 having a value of not less than five percent (5%) of the gross  
9 provider fee received, less claims paid, on the sale of the service  
10 warranties for all service warranties issued and in force in this  
11 state, but in no event shall the bond be less than Twenty-five  
12 Thousand Dollars (\$25,000.00).

13 B. An association shall not be required to establish an  
14 unearned reserve or demonstrate the minimum writing ratio required  
15 by subsection D of this section if it has purchased ~~an~~ one or more  
16 ~~insurance policy policies which demonstrates to the satisfaction of~~  
17 ~~the Insurance Commissioner~~ that collectively cover one hundred  
18 percent (100%) of its claim exposure is covered by such policy and  
19 that the policy satisfies the requirements of this section. The  
20 insurance shall be obtained from ~~an insurer~~ one or more insurers  
21 that ~~is~~ are licensed, registered, or otherwise authorized to do  
22 business in this state, that is rated B++ or better by A.M. Best  
23 Company, Inc., and that meets the requirements of subsection C of  
24

1 this section. For the purposes of this subsection, the insurance  
2 policy shall contain the following provisions:

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

8 2. The insurer issuing the insurance policy shall assume full  
9 responsibility for the administration of claims in the event of the  
10 inability of the association to do so; and

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

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

18 1. 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 at least Fifteen Million Dollars  
22 (\$15,000,000.00), and

23 b. annually file copies of the audited financial  
24 statements of the insurer, its NAIC Annual Statement,

1 and the actuarial certification required by and filed  
2 in the state of domicile of the insurer; or

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

5 a. maintain surplus as to policyholders and paid-in  
6 capital of less than Fifteen Million Dollars  
7 (\$15,000,000.00) but at least equal to Ten Million  
8 Dollars (\$10,000,000.00),

9 b. demonstrate to the satisfaction of the Commissioner  
10 that the company maintains a ratio of net written  
11 premiums, wherever written, to surplus as to  
12 policyholders and paid-in capital of not greater than  
13 three to one, and

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

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

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

24 1. A complete review of financial condition;

1       2. An increase in deposit;

2       3. A suspension of any new writings; or

3       4. Capital infusion into the business.

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

6       Section 141.7. A. An application for license as a service  
7 warranty association shall be made to, and filed with, the Insurance  
8 Commissioner on printed forms as prescribed and furnished by the  
9 Insurance Commissioner.

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

13       1. The location of the home office of the applicant;

14       2. The name and residence address of each director or officer  
15 of the applicant; and

16       3. Other pertinent information as may be required by the  
17 Commissioner.

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

20       1. A copy of the articles of incorporation of the applicant,  
21 certified by the public official having custody of the original, and  
22 a copy of the bylaws of the applicant, certified by the chief  
23 executive officer of the applicant;

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

3            a. audited if the applicant complies with the  
4 requirements of subsection A of Section 141.6 of this  
5 title, or

6            b. verified under oath of at least two of its principal  
7 officers if the applicant utilizes ~~an~~ one or more  
8 insurance ~~policy which satisfies~~ policies that satisfy  
9 the requirements of subsection B of Section 141.6 of  
10 this title; and

11        3. A license fee as required pursuant to Section 141.4 of this  
12 title.

13        D. Upon completion of the application for license, the  
14 Commissioner shall examine the application and make such further  
15 investigation of the applicant as the Commissioner deems advisable.  
16 If the Commissioner finds that the applicant is qualified, the  
17 Commissioner shall issue to the applicant a license as a service  
18 warranty association. If the Commissioner does not find the  
19 applicant to be qualified the Commissioner shall refuse to issue the  
20 license and shall give the applicant written notice of the refusal,  
21 setting forth the grounds of the refusal.

22        E. 1. Any entity that claims one or more of the exclusions  
23 from the definition of service warranty provided in paragraph 17 of  
24 Section 141.2 of this title shall file audited financial statements

1 and other information as requested by the Commissioner to document  
2 and verify that the contracts of the entity are not included within  
3 the definition of service warranty. Financial statements are not  
4 required to be filed by an entity claiming one of the exclusions set  
5 forth in subparagraphs a and b of paragraph 17 of Section 141.2 of  
6 this title.

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

11 3. Any entity approved for an exclusion exemption as provided  
12 by paragraph 17 of Section 141.2 of this title may be required by  
13 the Commissioner to provide subsequent information ascertained by  
14 the Commissioner to be necessary to determine continued  
15 qualification for an exclusion exemption as provided by paragraph 17  
16 of Section 141.2 of this title. Financial statements shall not be  
17 required to be filed by an entity claiming one of the exclusions set  
18 forth in subparagraphs a and b of paragraph 17 of Section 141.2 of  
19 this title.

20 4. Other information requested by the Commissioner may include,  
21 but is not limited to, SEC filings, audited financial statements of  
22 affiliates, and organizational data and organizational charts.  
23 Financial statements shall not be required to be filed by an entity  
24

1 claiming one of the exclusions set forth in subparagraphs a and b of  
2 paragraph 17 of Section 141.2 of this title.

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

5 Section 141.14. A. In addition to the license fees provided in  
6 the Service Warranty Act for service warranty associations each  
7 service warranty association and insurer shall annually, on or  
8 before the first day of May, file with the Insurance Commissioner  
9 its annual financial statement showing all gross written provider  
10 fees or assessments received by it in connection with the issuance  
11 of service warranties in this state during the preceding calendar  
12 year and other relevant financial information as deemed necessary by  
13 the Commissioner. The financial statements required by this  
14 subsection must be:

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

18 2. Verified under oath of at least two of its principal  
19 officers and prepared in accordance with generally accepted  
20 accounting principles if the applicant utilizes an insurance policy  
21 which satisfies the requirements of subsection B of Section 141.6 of  
22 this title.

23 B. The Commissioner may levy a fine of up to One Hundred  
24 Dollars (\$100.00) a day for each day an association neglects to file



1 its financial statement in the form and within the time provided by  
2 the Service Warranty Act.

3 C. In addition to the annual financial statements required to  
4 be filed by subsection A of this section, the Commissioner may  
5 require of licensees, under oath and in the form prescribed by it,  
6 quarterly statements or special reports which the Commissioner deems  
7 necessary for the proper supervision of licensees under the Service  
8 Warranty Act.

9 D. Provider fees and assessments received by associations and  
10 insurers for service warranties shall not be subject to the premium  
11 tax provided in Section 624 of Title 36 of the Oklahoma Statutes,  
12 but ~~shall be subject to an administrative fee of equal to two~~  
13 ~~percent (2%) of the gross provider fee received on the sale of all~~  
14 ~~service warranties issued in this state during the preceding~~  
15 ~~calendar quarter. The fees shall be paid quarterly to the Insurance~~  
16 ~~Commissioner. However,~~ licensed associations, licensed insurers and  
17 entities with applications for licensure as a service warranty  
18 association ~~pending with the Department that have contractual~~  
19 ~~liability insurance in place as of March 31, 2009, from an insurer~~  
20 ~~which satisfies the requirements of subsections B and C of Section~~  
21 ~~141.6 of this title and which covers one hundred percent (100%) of~~  
22 ~~the claims exposure of the association or insurer on all contracts~~  
23 ~~written may elect to~~ shall pay an annual administrative fee of Three  
24

1 Thousand Dollars (\$3,000.00) ~~in lieu of the two percent~~  
2 ~~administrative fee.~~

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

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

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

9 2. Provided a copy of the home service contract to the service  
10 contract holder within a reasonable period of time from the date of  
11 purchase.

12 B. Each provider of home service contracts sold in this state  
13 shall file a registration with, and on a form prescribed by, the  
14 Insurance Commissioner consisting of their name, full corporate  
15 physical street address, telephone number, contact person and a  
16 designated person in this state for service of process. Each  
17 provider shall pay to the Commissioner a fee in the amount of One  
18 Thousand Two Hundred Dollars (\$1,200.00) upon initial registration  
19 and every three (3) years thereafter. Each provider shall pay to  
20 the Commissioner an Antifraud Assessment Fee of Two Thousand Two  
21 Hundred Fifty Dollars (\$2,250.00) upon initial registration and  
22 every three (3) years thereafter. The registration need only be  
23 updated by written notification to the Commissioner if material  
24 changes occur in the registration on file. A proper registration is

1 de facto a license to conduct business in Oklahoma and may be  
2 suspended as provided in Section 6755 of this title. Fees received  
3 from home service contract providers shall not be subject to any  
4 premium tax, but shall be subject to an administrative fee equal to  
5 two percent (2%) of the gross fees received on the sale of all home  
6 service contracts issued in this state during the preceding calendar  
7 quarter. The fees shall be paid quarterly to the Commissioner and  
8 submitted along with a report on a form prescribed by the  
9 Commissioner. However, service contract providers may elect to pay  
10 an annual administrative fee of Three Thousand Dollars (\$3,000.00)  
11 in lieu of the two-percent administrative fee, if the provider  
12 maintains an insurance policy or policies as provided in paragraph 3  
13 of subsection C of this section.

14 C. In order to assure the faithful performance of a provider's  
15 obligations to its contract holders, each provider shall be  
16 responsible for complying with the requirements of paragraph 1, 2 or  
17 3 of this subsection:

- 18 1. a. maintain a funded reserve account for its obligations  
19 under its contracts issued and outstanding in this  
20 state. The reserves shall not be less than forty  
21 percent (40%) of gross consideration received, less  
22 claims paid, on the sale of the service contract for  
23 all in-force contracts. The reserve account shall be  
24

1 subject to examination and review by the Commissioner,  
2 and

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

- 10 (1) a surety bond issued by an authorized surety,  
11 (2) securities of the type eligible for deposit by  
12 authorized insurers in this state,  
13 (3) a letter of credit issued by a qualified  
14 financial institution, or  
15 (4) another form of security prescribed by rule  
16 promulgated by the Commissioner;

17 2. a. maintain, or together with its parent company  
18 maintain, a net worth or stockholders' equity of  
19 Twenty-five Million Dollars (\$25,000,000.00),  
20 excluding goodwill, intangible assets, customer lists  
21 and affiliated receivables, and

22 b. upon request, provide the Commissioner with a copy of  
23 the provider's or the provider's parent company's most  
24 recent Form 10-K or Form 20-F filed with the

1 Securities and Exchange Commission (SEC) within the  
2 last calendar year, or if the company does not file  
3 with the SEC, a copy of the company's financial  
4 statements, which shows a net worth of the provider or  
5 its parent company of at least Twenty-five Million  
6 Dollars (\$25,000,000.00) based upon Generally Accepted  
7 Accounting Principles (GAAP) accounting standards. If  
8 the provider's parent company's Form 10-K, Form 20-F,  
9 or financial statements are filed to meet the  
10 provider's financial stability requirement, then the  
11 parent company shall agree to guarantee the  
12 obligations of the provider relating to service  
13 contracts sold by the provider in this state; or

14 3. Purchase ~~an~~ one or more insurance ~~policy~~ policies which  
15 ~~demonstrates to the satisfaction of the Insurance Commissioner that~~  
16 collectively cover one hundred percent (100%) of its claim exposure  
17 ~~is covered by such policy.~~ The insurance shall be obtained from ~~an~~  
18 ~~insurer~~ one or more insurers that ~~is~~ are licensed, registered, or  
19 otherwise authorized to do business in this state, that is rated B++  
20 or better by A.M. Best Company, Inc., and that meets the  
21 requirements of subsection D of this section. For the purposes of  
22 this paragraph, the insurance policy or policies shall contain the  
23 following provisions:  
24

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

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

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

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

1           b.   annually file copies of the audited financial  
2               statements of the insurer, its National Association of  
3               Insurance Commissioners (NAIC) Annual Statement, and  
4               the actuarial certification required by and filed in  
5               the state of domicile of the insurer; or

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

8           a.   maintain surplus as to policyholders and paid-in  
9               capital of less than Fifteen Million Dollars  
10              (\$15,000,000.00),

11          b.   demonstrate to the satisfaction of the Commissioner  
12               that the company maintains a ratio of net written  
13               premiums, wherever written, to surplus as to  
14               policyholders and paid-in capital of not greater than  
15               three to one, and

16          c.   annually file copies of the audited financial  
17               statements of the insurer, its NAIC Annual Statement,  
18               and the actuarial certification required by and filed  
19               in the state of domicile of the insurer.

20          E.   Except for the registration requirements in subsection B of  
21 this section, providers, administrators and other persons marketing,  
22 selling or offering to sell home service contracts are exempt from  
23 any licensing requirements of this state and shall not be subject to  
24 other registration information or security requirements. Home

1 service contract providers as defined in Section 6752 of this title  
2 and properly registered under this law are exempt from any treatment  
3 pursuant to the Service Warranty Act. Home service contract  
4 providers applying for registration under the Oklahoma Home Service  
5 Contract Act that have not been registered in the preceding twelve  
6 (12) months under the Oklahoma Home Service Contract Act may be  
7 subject to a thirty-day prior review before their registration is  
8 deemed complete. Said applications shall be deemed complete after  
9 thirty (30) days unless the Commissioner takes action in that period  
10 under Section 6755 of this title, for cause shown, to suspend their  
11 registration.

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

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