

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

SENATE BILL 435

By: Montgomery

AS INTRODUCED

An Act relating to the Service Warranty Act; amending 15 O.S. 2021, Section 141.14, which relates to penalties, reports, and administrative fees; modifying administrative fee amount; conforming language; amending 36 O.S. 2021, Section 307.3, which relates to the State Insurance Commissioner Revolving Fund; exempting certain fee from provisions of State Insurance Commissioner Revolving Fund; and providing an effective date.

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

SECTION 1. AMENDATORY 15 O.S. 2021, Section 141.14, is amended to read as follows:

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

1 the Commissioner. The financial statements required by this
2 subsection must be:

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

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

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

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

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

1 ~~percent (2%) of the gross provider fee received on the sale of all~~
2 ~~service warranties issued in this state during the preceding~~
3 ~~calendar quarter. The fees shall be paid quarterly to the Insurance~~
4 ~~Commissioner. However,~~ licensed associations, licensed insurers and
5 entities with applications for licensure as a service warranty
6 association ~~pending with the Department that have contractual~~
7 ~~liability insurance in place as of March 31, 2009, from an insurer~~
8 ~~which satisfies the requirements of subsections B and C of Section~~
9 ~~141.6 of this title and which covers one hundred percent (100%) of~~
10 ~~the claims exposure of the association or insurer on all contracts~~
11 ~~written may elect to~~ shall pay an annual administrative fee of ~~Three~~
12 ~~Thousand Dollars (\$3,000.00) in lieu of the two-percent~~
13 ~~administrative fee~~ Four Thousand Two Hundred Dollars (\$4,200.00).
14 The administrative fee set forth in this section shall not be
15 subject to the provisions of Section 307.3 of Title 36 of the
16 Oklahoma Statutes.

17 SECTION 2. AMENDATORY 36 O.S. 2021, Section 307.3, is
18 amended to read as follows:

19 Section 307.3. A. Effective July 1, 2009, there is hereby
20 created in the State Treasury a revolving fund for the Insurance
21 Commissioner called the State Insurance Commissioner Revolving Fund.
22 The revolving fund shall be used to fund the operations of the
23 Office of the Insurance Commissioner.
24

1 1. Notwithstanding any other law to the contrary, the revolving
2 fund shall consist of and consolidate all funds that are or have
3 been paid or collected by the Insurance Commissioner pursuant to the
4 laws of this state and the rules of the Insurance Department except
5 that the revolving fund shall not include:

- 6 a. premium taxes,
- 7 b. monies transferred to the Attorney General's Insurance
8 Fraud Unit Revolving Fund pursuant to Section 362 of
9 this title,
- 10 c. funds paid to and collected pursuant to the Oklahoma
11 Certified Real Estate Appraisers Act, Sections 858-700
12 through 858-732 of Title 59 of the Oklahoma Statutes,
- 13 d. health carrier access payments paid to and collected
14 by the Insurance Commissioner and deposited into the
15 Health Carrier Access Payment Revolving Fund,
- 16 e. recoveries obtained as a result of insurance-related
17 crimes, and other fines, late fees, and penalties
18 assessed and collected, ~~and~~
- 19 f. monies collected for or received from the Workers'
20 Compensation Commission, and
- 21 g. administrative fees paid pursuant to subsection D of
22 Section 141.14 of Title 15 of the Oklahoma Statutes.

23 2. The revolving fund shall be a continuing fund, not subject
24 to fiscal year limitations. Expenditures from the revolving fund

1 shall be made pursuant to the laws of this state and the statutes
2 relating to the Insurance Department. Warrants for expenditures
3 from the revolving fund shall be drawn by the State Treasurer, based
4 on claims signed by an authorized employee or employees of the
5 Insurance Department and filed with the Director of the Office of
6 Management and Enterprise Services.

7 B. All funds collected by the Insurance Commissioner shall be
8 paid into the State Treasury weekly.

9 C. After the effective date of this act, the State Treasury is
10 authorized and directed to deduct from the funds paid or collected
11 by the Insurance Commissioner a sum equal to seventy-six and one-
12 half percent (76.5%) of the payment and place the same to the credit
13 of the General Revenue Fund of the state. The State Treasurer shall
14 place to the credit of the State Insurance Commissioner Revolving
15 Fund the remainder of the funds so paid and collected by the
16 Insurance Commissioner.

17 SECTION 3. This act shall become effective January 1, 2024.
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