

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL 541

6 By: Montgomery of the Senate

7 and

8 Sneed of the House

9 COMMITTEE SUBSTITUTE

10 An Act relating to service warranties; amending  
11 Sections 3, 4, and 5, Chapter 16, O.S.L. 2022 (15  
12 O.S. Supp. 2022, Sections 140.4, 140.5, and 140.6),  
13 which relate to debt waivers, vehicle value  
14 protection agreements, and enforcement; requiring  
15 certain administrators to register with the Insurance  
16 Department; requiring registration renewal by certain  
17 date; requiring certain registrations and  
18 registration fees to be submitted electronically;  
19 requiring certain contact information changes to be  
20 submitted within certain time period; directing  
21 certain administrators and service warranty  
22 associations to respond to the Insurance Commissioner  
23 within certain time period; removing cash payment as  
24 an acceptable deposit for certain trust with the  
Commissioner; updating statutory reference; amending  
15 O.S. 2021, Sections 141.4, 141.5, 141.8, 141.13,  
as amended by Section 1, Chapter 241, O.S.L. 2017,  
141.14, and 141.33, which relate to qualification for  
license, annual license requirements, service  
warranty forms, annual statements, and claim files;  
requiring certain license application and fee be  
submitted electronically by certain service warranty  
association; requiring certain application to include  
declaration; conforming language; establishing fees  
for certain renewal processes; requiring certain  
expired licensees to reapply as if a new applicant;  
requiring certain applicants to submit certain  
report; establishing certain fines; requiring certain  
filing of financial statement include information for

1 certain time period; updating statutory language; and  
2 providing an effective date.

3  
4 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

5 SECTION 1. AMENDATORY Section 3, Chapter 16, O.S.L. 2022  
6 (15 O.S. Supp. 2022, Section 140.4), is amended to read as follows:

7 Section 140.4. A. As used in this section:

8 1. "Administrator" means a person, other than an insurer or  
9 creditor that performs administrative or operational functions  
10 pursuant to debt waiver programs;

11 2. "Borrower" means a debtor, retail buyer, or lessee, under a  
12 finance agreement;

13 3. "Creditor" means:

14 a. the lender in a loan or credit transaction,

15 b. the lessor in a lease transaction,

16 c. any retail seller of motor vehicles,

17 d. the seller in commercial retail installment

18 transactions, or

19 e. the assignees of any of the foregoing to whom the  
20 credit obligation is payable; and

21 4. "Debt waiver" includes, but is not limited to:

22 a. "guaranteed asset protection waivers" or "GAP waivers"  
23 means a contractual agreement wherein a creditor  
24 agrees, with or without a separate charge, to cancel

1 or waive all or part of amounts due on a borrower's  
2 financial agreement in the event of a total physical  
3 damage loss or unrecovered theft of the motor vehicle,  
4 which an agreement shall be part of, or as a separate  
5 addendum to, the financial agreement. A GAP waiver  
6 may also provide, with or without a separate charge, a  
7 benefit that waives an amount or provides a borrower  
8 with a credit towards the purchase of a replacement  
9 motor vehicle,

10 b. "excess wear and use waiver" means a contractual  
11 agreement wherein a creditor agrees, with or without a  
12 separate charge, to cancel or waive all or part of  
13 amounts that may become due under a borrower's lease  
14 agreement as a result of excessive wear and use of a  
15 motor vehicle, which an agreement shall be part of, or  
16 as a separate addendum to, the lease agreement.

17 Excess wear and use waivers may also cancel or waive  
18 amounts due for excess mileage, and

19 c. other products as approved by the Insurance  
20 Commissioner.

21 B. 1. No administrator or creditor operating as an  
22 administrator shall perform or engage in any administrative or  
23 operational functions of a debt waiver program without first  
24 registering with the Insurance Department. Registration shall be

1 renewed annually by July 15 of each calendar year. All  
2 registrations shall be filed and fees shall be paid electronically  
3 in the manner and form prescribed by the Commissioner.

4 2. An administrator or a creditor operating as an administrator  
5 shall electronically file an updated registration within thirty (30)  
6 days of any change of name, address, or email address.

7 3. Every administrator or creditor, upon receipt of any inquiry  
8 from the Commissioner, shall furnish the Commissioner with an  
9 adequate response to the inquiry within twenty (20) days from the  
10 date of receipt of the inquiry.

11 C. As required for offering debt waivers:

12 1. A retail seller shall insure its debt waiver obligations  
13 under a contractual liability or other insurance policy issued by an  
14 insurer. A creditor other than retail sellers may insure its debt  
15 waiver obligations under a contractual liability policy or other  
16 such policy issued by an insurer. Any such insurance policy may be  
17 directly obtained by a creditor or retail seller or may be obtained  
18 by an administrator to cover a creditor's or retail seller's  
19 obligations. However, retail sellers that are lessors on motor  
20 vehicles are not required to insure obligations related to debt  
21 waivers on such leased motor vehicles;

22 2. The debt waiver remains a part of the finance agreement upon  
23 the assignment, sale, or transfer of such finance agreement by the  
24 creditor;

1        3. Any creditor that offers a debt waiver shall report the sale  
2 of, and subsequently forward the funds due to, the designated party  
3 or parties; and

4        4. Funds received or held by a creditor or administrator that  
5 belong to an insurer, creditor, or administrator shall be held by  
6 such creditor or administrator in a fiduciary capacity.

7        ~~C.~~ D. Contractual Liability or Other Insurance Policies.

8        1. Contractual liability or other insurance policies insuring  
9 debt waivers shall state the obligation of the insurer to reimburse  
10 or pay to the creditor any sums the creditor is legally obligated to  
11 waive under a debt waiver.

12        2. Coverage under a contractual liability or other insurance  
13 policy insuring a debt waiver shall also cover any subsequent  
14 assignee upon the assignment, sale, or transfer of the finance  
15 agreement.

16        3. Coverage under a contractual liability or other insurance  
17 policy insuring a debt waiver shall remain in effect unless canceled  
18 or terminated in compliance with applicable insurance laws of this  
19 state.

20        4. The cancelation or termination of a contractual liability or  
21 other insurance policy shall not reduce the insurer's responsibility  
22 for debt waivers issued by the creditor prior to the date of  
23 cancelation or termination and for which the premium has been  
24 received by the insurer.

1       ~~D.~~ E. Debt waivers shall disclose in writing and in clear,  
2 understandable language the following:

3           1. The name and address of the initial creditor and the  
4 borrower at the time of sale and identity of any administrator if  
5 different from the creditor;

6           2. The purchase price, if any, and the terms of the debt waiver  
7 including without limitation, the requirements of protection,  
8 conditions, or exclusions associated with the debt waiver;

9           3. That the borrower may cancel the debt waiver within a free  
10 look period, as specified in the debt waiver, and will be entitled  
11 to a full refund of the purchase price paid by the borrower, if any,  
12 as long as no benefits have been provided;

13           4. The procedures the borrower shall follow, if any, to obtain  
14 debt waiver benefits under the terms and conditions of the debt  
15 waiver including, if applicable, a telephone number or website and  
16 address where the borrower may apply for debt waiver benefits;

17           5. Whether or not the debt waiver may be canceled after the  
18 free look period and the conditions under which it may be canceled  
19 or terminated including the procedures for requesting any refund of  
20 amounts paid;

21           6. That in order to receive any refund due in the event of a  
22 borrower's cancelation of the debt waiver, the borrower, in  
23 accordance with the term of the debt waiver, shall provide a written  
24 request to cancel to the creditor, administrator, or other such

1 party. If the cancelation of a debt waiver is due to an early  
2 termination of the finance agreement and no benefit has been or will  
3 be provided, then the borrower, in accordance with the terms of the  
4 debt waiver, shall provide a written request to cancel to the  
5 creditor or administrator within ninety (90) days of the occurrence  
6 of the event terminating the finance agreement;

7 7. The methodology for calculating any refund of the unearned  
8 purchase price of the debt waiver, if any, shall be due in the event  
9 of cancelation of the debt waiver or early termination of a finance  
10 agreement; and

11 8. That neither the extension of credit, the terms of the  
12 credit, nor the terms of the related motor vehicle sale or lease,  
13 may be conditioned upon the borrower's purchase of a debt waiver.

14 ~~E.~~ F. Cancelation.

15 1. Debt waiver agreements may be cancelable or non-cancelable  
16 following the free look period. Debt waivers shall provide the  
17 borrower, if a borrower cancels a debt waiver within the free look  
18 period, a full refund of the amount the borrower paid, if any, as  
19 long as no benefits have been provided.

20 2. In the event of a borrower's cancelation of the debt waiver  
21 or upon the early termination of the finance agreement after the  
22 debt waiver has been in effect beyond the free look period, the  
23 borrower may be entitled to a refund of the amount the borrower paid  
24 of the unearned portion of the purchase price, if any, minus a

1 cancellation fee not to exceed Seventy-five Dollars (\$75.00), if no  
2 benefit has been or will be provided. In order to receive any  
3 refund due in the event of a borrower's cancellation of the debt  
4 waiver, the borrower shall provide a written request to cancel, in  
5 accordance with the terms of the debt waiver, to the creditor or  
6 administrator. If the cancellation is due to the early termination  
7 of the finance agreement, then the borrower, in accordance with the  
8 terms of the debt waiver, shall provide a written request to cancel  
9 to the creditor or administrator within ninety (90) days of the  
10 occurrence of the event terminating the finance agreement.

11 3. If the cancellation of a debt waiver occurs as a result of a  
12 default under the finance agreement or the repossession of the motor  
13 vehicle associated with the finance agreement, or any other  
14 termination of the finance agreement, any refund due may be paid  
15 directly to the creditor or administrator, unless the borrower can  
16 show that the finance agreement has been paid in full.

17 ~~F.~~ G. Exempt Transactions.

18 1. Debt waivers offered by state or federal banks or credit  
19 unions in compliance with the applicable state or federal law are  
20 exempt from ~~this act~~ Section 140.2 et seq. of this title.

21 2. Subsection ~~D~~ E of this section and Section ~~5~~ 140.6 of this  
22 ~~act~~ title shall not apply to debt waivers offered in connection with  
23 commercial transactions.

24



1 SECTION 2. AMENDATORY Section 4, Chapter 16, O.S.L. 2022  
2 (15 O.S. Supp. 2022, Section 140.5), is amended to read as follows:

3 Section 140.5. A. As used in this section:

4 1. "Administrator" means the person who may be responsible for  
5 the administrative or operational function of vehicle value  
6 protection agreements including, but not limited to, the  
7 adjudication of claims or benefits requested by contract holders;

8 2. "Contract holder" means a person who is the purchaser or  
9 holder of a vehicle value protection agreement;

10 3. "Provider" means a person that is obligated to provide a  
11 benefit under a vehicle value protection agreement. A provider may  
12 perform as an administrator or retain the services of a third-party  
13 administrator; and

14 4. "Vehicle value protection agreement" means a contractual  
15 agreement that provides a benefit towards either the reduction of  
16 some or all of the contract holder's current finance agreement  
17 deficiency balance, or towards the purchase or lease of a  
18 replacement motor vehicle or motor vehicle services, upon the  
19 occurrence of an adverse event to the motor vehicle including, but  
20 not limited to, loss, theft, damage, obsolescence, diminished value,  
21 or depreciation. These agreements do not include debt waivers.  
22 These agreements may include, but not be limited to, trade-in-credit  
23 agreements, diminished value agreements, depreciation benefit  
24 agreements, or other similarly named agreements.

1        B. 1. No administrator or provider operating as an  
2 administrator shall perform or engage in any administrative or  
3 operational functions of vehicle value protection agreements without  
4 first registering with the Insurance Department. Registration shall  
5 be renewed annually by July 15 of each calendar year. All  
6 registrations shall be filed and fees shall be paid electronically  
7 in the manner and form prescribed by the Insurance Commissioner.

8        2. An administrator or a provider operating as an administrator  
9 shall electronically file an updated registration within thirty (30)  
10 days of any change of name, address, or email address.

11        3. Every administrator and provider, upon receipt of any  
12 inquiry from the Commissioner, shall furnish the Commissioner with  
13 an adequate response to the inquiry within twenty (20) days from the  
14 date of receipt of the inquiry.

15        C. Requirements for offering vehicle value protection  
16 agreements:

17        1. A provider may utilize an administrator or other designee to  
18 be responsible for any and all of the administration of vehicle  
19 value protection agreements in compliance with ~~this act~~ Section  
20 140.2 et seq. of this title;

21        2. Vehicle value protection agreements shall not be sold unless  
22 the contract holder has been or will be provided access to a copy of  
23 that vehicle value protection agreement;

1           3. In order to assure the faithful performance of the  
2 provider's obligations to its contract holders, each provider shall  
3 be responsible for complying with the requirements of one of the  
4 following:

5           a. insure all of its vehicle value protection agreements  
6 under an insurance policy issued by an insurer  
7 licensed, registered, or otherwise authorized to do  
8 business in this state either:

9           (1) at the time the policy is filed with the  
10 Insurance Commissioner, and continuously  
11 thereafter, (i) maintain surplus as to  
12 policyholders and paid-in capital no less than  
13 Fifteen Million Dollars (\$15,000,000.00) and (ii)  
14 annually file copies of the insurer's financial  
15 statements, its National Association of Insurance  
16 Commissioners (NAIC) Annual Statement, and the  
17 actuarial certification required by and filed in  
18 the insurer's state of domicile, or

19           (2) at the time the policy is filed with the  
20 Commissioner, and continuously thereafter, (i)  
21 maintain surplus as to policyholders and paid-in  
22 capital of less than Fifteen Million Dollars  
23 (\$15,000,000.00) but at least equal to Ten  
24 Million Dollars (\$10,000,000.00), (ii)

1 demonstrate to the satisfaction of the  
2 Commissioner that the company maintains a ratio  
3 of net written premiums, wherever written, to  
4 surplus as to policyholders and paid-in capital  
5 of not greater than 3 to 1, and (iii) annually  
6 file copies of the insurer's audited financial  
7 statements, its NAIC Annual Statement, and the  
8 actuarial certification required by and filed in  
9 the insurer's state of domicile,

10 b. (1) maintain a funded reserve account for its  
11 obligations under its contracts issued and  
12 outstanding in this state. The reserves shall  
13 not be less than forty percent (40%) of gross  
14 considerations received, less claims paid, on the  
15 sale of the vehicle value protection agreement  
16 for all in-force contracts. The reserve account  
17 shall be subject to examination and review by the  
18 Commissioner, and

19 (2) place in trust with the Commissioner a financial  
20 security deposit, having a value not less than  
21 five percent (5%) of the gross consideration  
22 received, less claims paid, on the sale of the  
23 vehicle value protection agreements for all  
24 vehicle value protection agreements issued and in

1 force, but not less than Twenty-five Thousand  
2 Dollars (\$25,000.00), consisting of the  
3 following:

4 (a) a surety bond issued by an authorized  
5 surety,

6 (b) securities of the type eligible for deposit  
7 by authorized insurers in this state,

8 (c) ~~cash,~~

9 ~~(d)~~ a letter of credit issued by a qualified  
10 financial institution, or

11 ~~(e)~~ (d) another form of security prescribed by  
12 regulations issued by the Commissioner, or

13 c. (1) maintain, or together with its parent company  
14 maintain, a net worth or stockholders' equity of  
15 One Hundred Million Dollars (\$100,000,000.00), ~~or~~  
16 and

17 (2) upon request, provide the Commissioner with a  
18 copy of the provider's or the provider's parent  
19 company's most recent Form 10-K or Form 20-F  
20 filed with the Securities and Exchange Commission  
21 (SEC) within the last calendar year, or if the  
22 company does not file with the SEC, a copy of the  
23 company's audited financial statements, which  
24 shows a net worth of the provider or its parent

1 company of at least One Hundred Million Dollars  
2 (\$100,000,000.00). If the provider's parent  
3 company's Form 10-K, Form 20-F, or financial  
4 statements are filed to meet the provider's  
5 financial security requirement, then the parent  
6 company shall agree to guarantee the obligations  
7 of the provider relating to the vehicle value  
8 protection agreements sold by the provider in  
9 this state; and

10 4. Except for the requirements in paragraph 3 of subsection ~~B~~ C  
11 of this section, no other financial security requirements shall be  
12 required for vehicle value protection agreement providers.

13 ~~C~~ D. Vehicle value protection agreements shall disclose in  
14 writing and in clear, understandable language the following:

15 1. The name and address of the provider, contract holder, and  
16 administrator, if any;

17 2. The terms of the vehicle value protection agreement  
18 including without limitation, the purchase price to be paid by the  
19 contract holder, the requirements for eligibility, conditions of  
20 coverage, or exclusions;

21 3. That the vehicle value protection agreement may be canceled  
22 by the contract holder within a free look period as specified in the  
23 vehicle value protection agreement, and in such an event, the  
24 contract holder shall be entitled to a full refund of the purchase

1 price paid by the contract holder, if any, as long as no benefits  
2 have been provided;

3 4. The procedure the contract holder shall follow, if any, to  
4 obtain a benefit under the terms and conditions of the vehicle value  
5 protection agreement including, if applicable, a telephone number or  
6 website and address where the contract holder may apply for a  
7 benefit;

8 5. Whether or not the vehicle value protection agreement is  
9 cancelable after the free look period and the conditions under which  
10 it may be canceled including the procedures for requesting any  
11 refund of the unearned purchase price paid by the contract holder;

12 6. In the event of cancelation, the methodology for calculating  
13 any refund of the unearned purchase price of the vehicle value  
14 protection agreement due;

15 7. That neither the extension of credit, the terms of the  
16 credit, nor the terms of the related motor vehicle sale or lease may  
17 be conditioned upon the purchase of the vehicle value protection  
18 agreement; and

19 8. Vehicle value protection agreements shall state the terms  
20 and restrictions, or conditions governing cancelation of the vehicle  
21 value protection agreement prior to the termination or expiration  
22 date of the vehicle value protection agreement by either the  
23 provider or the contract holder. The provider of the vehicle value  
24 protection agreement shall mail a written notice to the contract

1 holder at the last known address of the contract holder contained in  
2 the records of the provider at least five (5) days prior to  
3 cancelation by the provider. Prior notice shall not be required if  
4 the reason for cancelation is nonpayment of the provider fee, a  
5 material misrepresentation by the contract holder to the provider or  
6 administrator, or a substantial breach of duties by the contract  
7 holder relating to the covered product or its use. The notice shall  
8 state the effective date of cancelation and the reason for the  
9 cancelation. If a vehicle value protection agreement is canceled by  
10 the provider for a reason other than nonpayment of the provider fee,  
11 the provider shall refund the contract holder one hundred percent  
12 (100%) of the unearned pro rata provider fee paid by the contract  
13 holder, if any. If coverage under the vehicle value protection  
14 agreement continues after a claim, then any refund may deduct claims  
15 paid. A reasonable administrative fee may be charged by the  
16 provider not to exceed Seventy-five Dollars (\$75.00).

17 ~~D.~~ E. Subsection ~~C~~ D of this section and Section ~~5~~ 140.6 of  
18 this ~~act~~ title shall not apply to vehicle value protection  
19 agreements offered in connection with a commercial transaction.

20 SECTION 3. AMENDATORY Section 5, Chapter 16, O.S.L. 2022  
21 (15 O.S. Supp. 2022, Section 140.6), is amended to read as follows:

22 Section 140.6. The Insurance Commissioner shall promulgate  
23 rules necessary to enforce the provisions of ~~this act~~ Section 140.2  
24 et seq. of this title. After proper notice and opportunity for



1 hearing the Commissioner may take either or both of the following  
2 actions:

3 1. Order the creditor, provider, administrator, or any other  
4 person not in compliance with ~~this act~~ Section 140.2 et seq. of this  
5 title to cease and desist from product related operations which are  
6 in violation of ~~this act~~ Section 140.2 et seq. of this title; ~~and or~~

7 2. Impose a penalty not to exceed Five Hundred Dollars  
8 (\$500.00) per violation and no more than Ten Thousand Dollars  
9 (\$10,000.00) for aggregated violations of a similar nature. For  
10 purposes of this section, "violations of a similar nature" means the  
11 violation consisted of the same or similar course of conduct,  
12 action, or practice, irrespective of the number of times the action,  
13 conduct, or practice which is determined to be a violation of ~~this~~  
14 ~~act~~ Section 140.2 et seq. of this title occurred.

15 SECTION 4. AMENDATORY 15 O.S. 2021, Section 141.4, is  
16 amended to read as follows:

17 Section 141.4. A. No person in this state shall act as a  
18 service warranty association unless licensed by the Insurance  
19 Commissioner.

20 B. A service warranty association shall pay to the Insurance  
21 Department a license fee of Four Hundred Dollars (\$400.00) for such  
22 license for each year, or part thereof, the license is in force.  
23 Each service warranty association applying for a license shall  
24 electronically submit a complete license application and pay the

1 license fee to the Insurance Commissioner in the manner and form  
2 prescribed by the Commissioner, along with any transaction or other  
3 applicable fees. Each application shall include a signed  
4 declaration that under penalty of refusal, suspension, or revocation  
5 of the license, the information provided in the application is true,  
6 correct, and complete to the best of the applicant's knowledge and  
7 belief.

8 C. An insurer, while authorized to transact property or  
9 casualty insurance in this state, may also transact a service  
10 warranty business without additional qualifications or licensure as  
11 required by the Service Warranty Act, but shall be otherwise subject  
12 to the provisions of the Service Warranty Act.

13 D. A service warranty association may appoint an administrator  
14 or other designee to be responsible for any or all of the  
15 administration of service warranties and compliance with the Service  
16 Warranty Act.

17 E. The marketing, sale, offering for sale, issuance, making,  
18 proposing to make and administration of service warranties by  
19 associations and related service warranty sellers, administrators,  
20 and other persons shall be exempt from all provisions of the  
21 Oklahoma Insurance Code.

22 F. An agreement which provides specified scheduled maintenance  
23 services over a stated period of time does not constitute insurance  
24 or a service warranty.

1 SECTION 5. AMENDATORY 15 O.S. 2021, Section 141.5, is  
2 amended to read as follows:

3 Section 141.5. The Insurance Commissioner shall not issue or  
4 renew a license to any service warranty association unless the  
5 association:

6 1. Is a solvent association;

7 2. Furnishes the Insurance Department with satisfactory  
8 evidence that the management of the association is competent and  
9 trustworthy and can successfully manage the affairs of the  
10 association in compliance with law;

11 3. Proposes to use and uses in its business a name together  
12 with a trademark or emblem, if any, which is distinctive and not so  
13 similar to the name or trademark of any other person already doing  
14 business in this state as will tend to mislead or confuse the  
15 public;

16 4. Files the bond required by the Service Warranty Act; ~~and~~

17 5. Is formed under the laws of this state or another state,  
18 district, territory, or possession of the United States, if the  
19 association is other than a natural person; and

20 6. Has submitted all annual financial statements and  
21 administrative fees required by the Service Warranty Act.

22 SECTION 6. AMENDATORY 15 O.S. 2021, Section 141.8, is  
23 amended to read as follows:

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1       Section 141.8. Each license issued to a service warranty  
2 association shall expire on November 1 following the date of  
3 issuance. If the association is then qualified under the provisions  
4 of the Service Warranty Act, its license may be renewed annually,  
5 upon ~~its request~~ electronic submission of a renewal application and  
6 fee in the manner and form prescribed by the Insurance Commissioner  
7 along with any applicable fees, and upon payment to the Insurance  
8 Commissioner of the license fee in the amount of Four Hundred  
9 Dollars (\$400.00) in advance for each such license year. A license  
10 expired for failure to submit a renewal application may be  
11 reinstated within ninety (90) days after the expiration date by  
12 electronically submitting a fee in an amount that is double the  
13 renewal fee and a renewal application in the form and manner  
14 prescribed by the Commissioner along with any transaction or other  
15 applicable fees. The Commissioner shall require a service warranty  
16 association whose license has been expired for more than ninety (90)  
17 days to reapply as if a new applicant and pay an application fee  
18 that is double the initial application fee, in addition to any fines  
19 imposed. All applications received after the license has been  
20 expired for more than ninety (90) days shall include a detailed  
21 report of service warranties issued in this state during the period  
22 of expired licensure.

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1 SECTION 7. AMENDATORY 15 O.S. 2021, Section 141.13, as  
2 amended by Section 1, Chapter 241, O.S.L. 2017, is amended to read  
3 as follows:

4 Section 141.13. A. No service warranty form or related form  
5 shall be issued or used in this state unless the form has been filed  
6 with the Insurance Commissioner. Service warranty forms shall not  
7 be subject to prior approval and shall be filed with the Insurance  
8 Commissioner for informational purposes only.

9 B. Each service warranty contract shall contain a ~~cancellation~~  
10 cancelation provision. In the event the contract is canceled by the  
11 warranty holder, return of the provider fee shall be based upon  
12 ninety percent (90%) of the unearned pro rata provider fee less the  
13 actual cost of any service provided under the service warranty  
14 contract. In the event the contract is canceled by the association,  
15 return of premium shall be based upon one hundred percent (100%) of  
16 unearned pro rata provider fee less the actual cost of any service  
17 provided under the service warranty contract.

18 C. Service warranties shall state the name and address of the  
19 service warranty association and shall identify any administrator if  
20 different from the service warranty association, the service  
21 warranty seller and the service warranty holder to the extent that  
22 the name of the service warranty holder has been furnished by the  
23 service warranty holder. For service warranties issued on and after  
24 July 1, 2017, the identity of the service warranty association and

1 its license number shall be preprinted on the service warranty or  
2 added at the time of sale so consumers can clearly identify the  
3 obligor of the service warranty. Information to be printed at the  
4 time of sale shall be indicated as such at the time the service  
5 warranty is filed and a "Jane Doe" specimen shall accompany the  
6 service warranty illustrating how the service warranty will look  
7 after printing.

8 Each person and service warranty association shall  
9 electronically submit, in the form and manner prescribed by the  
10 Commissioner, any change of legal business name, "doing business as"  
11 or assumed name, address, or contact e-mail address within thirty  
12 (30) days after the change occurred, and any fees deemed necessary  
13 by the Commissioner. Any submission of a change under this  
14 paragraph received more than thirty (30) days after the change  
15 occurs shall be accompanied by a fee of Fifty Dollars (\$50.00).

16 D. The Commissioner shall have the authority to immediately  
17 order a service warranty association to stop using any service  
18 warranty contract if the Commissioner determines that the form:

- 19 1. Violates the Service Warranty Act;
  - 20 2. Is misleading in any respect; or
  - 21 3. Is reproduced so that any material provision is
- 22 substantially illegible.

23 E. The Insurance Commissioner may, by order, exempt from the  
24 requirements of this section for so long as he or she deems proper

1 any document or form or type thereof as specified in such order, to  
2 which, in his or her discretion,   this section may not practicably be  
3 applied, or the filing of which is, in his or her opinion, not  
4 desirable or necessary for the protection of the public.

5 SECTION 8. AMENDATORY 15 O.S. 2021, Section 141.14, is  
6 amended to read as follows:

7 Section 141.14. A. In addition to the license fees provided in  
8 the Service Warranty Act for service warranty associations each  
9 service warranty association and insurer shall annually, on or  
10 before the first day of May, file with the Insurance Commissioner  
11 its annual financial statement as of a date not earlier than three  
12 hundred sixty-five (365) days prior to the date submitted showing  
13 all gross written provider fees or assessments received by it in  
14 connection with the issuance of service warranties in this state  
15 during the preceding calendar year and other relevant financial  
16 information as deemed necessary by the Commissioner. The financial  
17 statements required by this subsection must be:

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

21 2. Verified under oath of at least two of its principal  
22 officers and prepared in accordance with generally accepted  
23 accounting principles if the applicant utilizes an insurance policy

24

1 which satisfies the requirements of subsection B of Section 141.6 of  
2 this title.

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

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

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



1 of Section 141.6 of this title and which covers one hundred percent  
2 (100%) of the claims exposure of the association or insurer on all  
3 contracts written may elect to pay an annual administrative fee of  
4 Three Thousand Dollars (\$3,000.00) in lieu of the two-percent  
5 administrative fee.

6 SECTION 9. AMENDATORY 15 O.S. 2021, Section 141.33, is  
7 amended to read as follows:

8 Section 141.33. A. Claim files of service warranty  
9 associations licensed pursuant to the Service Warranty Act shall be  
10 subject to examination by the Insurance Commissioner or by duly  
11 appointed designees. The claim files shall contain all notes and  
12 work papers pertaining to a claim in such detail that pertinent  
13 events and the dates of the events can be reconstructed. In  
14 addition, the Commissioner and authorized employees and examiners  
15 shall have access to any files of a service warranty association  
16 that may relate to a particular complaint under investigation or to  
17 an inquiry or examination by the Insurance Department.

18 B. Every service warranty association, upon receipt of any  
19 inquiry from the Commissioner, shall, within ~~thirty (30)~~ twenty (20)  
20 days from the date of the inquiry, furnish the Commissioner with an  
21 adequate response to the inquiry.

22 C. Every service warranty association, upon receipt of any  
23 pertinent written communication including, but not limited to,  
24 electronic mail or other forms of written electronic communication

1 or documentation by the service warranty association of a verbal  
2 communication from a claimant which reasonably suggests that a  
3 response is expected, shall, within thirty (30) days after receipt  
4 thereof, furnish the claimant with an adequate response to the  
5 communication.

6 D. Any violation by a service warranty association of this  
7 section shall subject the service warranty association to discipline  
8 including a civil penalty of not less than One Hundred Dollars  
9 (\$100.00) nor more than Five Thousand Dollars (\$5,000.00).

10 SECTION 10. This act shall become effective November 1, 2023.

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