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5  
6 An Act relating to service warranties; amending  
7 Sections 3, 4, and 5, Chapter 16, O.S.L. 2022 (15  
8 O.S. Supp. 2022, Sections 140.4, 140.5, and 140.6),  
9 which relate to debt waivers, vehicle value  
10 protection agreements, and enforcement; requiring  
11 certain administrators to register with the Insurance  
12 Department; requiring registration renewal by certain  
13 date; requiring certain registrations and  
14 registration fees to be submitted electronically;  
15 requiring certain contact information changes to be  
16 submitted within certain time period; directing  
17 certain administrators and service warranty  
18 associations to respond to the Insurance Commissioner  
19 within certain time period; removing cash payment as  
20 an acceptable deposit for certain trust with the  
21 Commissioner; updating statutory reference; amending  
22 15 O.S. 2021, Sections 141.4, 141.5, 141.8, 141.13,  
23 as amended by Section 1, Chapter 241, O.S.L. 2017,  
24 141.14, 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  
certain time period; updating statutory language; and  
providing an effective date.

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

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

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

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

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

10 3. "Creditor" means:

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

12 b. the lessor in a lease transaction,

13 c. any retail seller of motor vehicles,

14 d. the seller in commercial retail installment  
15 transactions, or

16 e. the assignees of any of the foregoing to whom the  
17 credit obligation is payable; and

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

19 a. "guaranteed asset protection waivers" or "GAP waivers"  
20 means a contractual agreement wherein a creditor  
21 agrees, with or without a separate charge, to cancel  
22 or waive all or part of amounts due on a borrower's  
23 financial agreement in the event of a total physical  
24 damage loss or unrecovered theft of the motor vehicle,

1 which an agreement shall be part of, or as a separate  
2 addendum to, the financial agreement. A GAP waiver  
3 may also provide, with or without a separate charge, a  
4 benefit that waives an amount or provides a borrower  
5 with a credit towards the purchase of a replacement  
6 motor vehicle,

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

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

16 c. other products as approved by the Insurance  
17 Commissioner.

18 B. 1. No administrator or creditor operating as an  
19 administrator shall perform or engage in any administrative or  
20 operational functions of a debt waiver program without first  
21 registering with the Insurance Department. Registration shall be  
22 renewed annually by July 15 of each calendar year. All  
23 registrations shall be filed and fees shall be paid electronically  
24 in the manner and form prescribed by the Commissioner.

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

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

8       C. As required for offering debt waivers:

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

19       2. The debt waiver remains a part of the finance agreement upon  
20 the assignment, sale, or transfer of such finance agreement by the  
21 creditor;

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

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

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

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

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

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

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

22           ~~D.~~ E. Debt waivers shall disclose in writing and in clear,  
23 understandable language the following:  
24

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

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

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

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

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

19          6. That in order to receive any refund due in the event of a  
20 borrower's cancelation of the debt waiver, the borrower, in  
21 accordance with the term of the debt waiver, shall provide a written  
22 request to cancel to the creditor, administrator, or other such  
23 party. If the cancelation of a debt waiver is due to an early  
24 termination of the finance agreement and no benefit has been or will

1 be provided, then the borrower, in accordance with the terms of the  
2 debt waiver, shall provide a written request to cancel to the  
3 creditor or administrator within ninety (90) days of the occurrence  
4 of the event terminating the finance agreement;

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

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

12 ~~E.~~ F. Cancelation.

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

18 2. In the event of a borrower's cancelation of the debt waiver  
19 or upon the early termination of the finance agreement after the  
20 debt waiver has been in effect beyond the free look period, the  
21 borrower may be entitled to a refund of the amount the borrower paid  
22 of the unearned portion of the purchase price, if any, minus a  
23 cancelation fee not to exceed Seventy-five Dollars (\$75.00), if no  
24 benefit has been or will be provided. In order to receive any

1 refund due in the event of a borrower's cancellation of the debt  
2 waiver, the borrower shall provide a written request to cancel, in  
3 accordance with the terms of the debt waiver, to the creditor or  
4 administrator. If the cancelation is due to the early termination  
5 of the finance agreement, then the borrower, in accordance with the  
6 terms of the debt waiver, shall provide a written request to cancel  
7 to the creditor or administrator within ninety (90) days of the  
8 occurrence of the event terminating the finance agreement.

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

15 ~~F.~~ G. Exempt Transactions.

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

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

22 SECTION 2. AMENDATORY Section 4, Chapter 16, O.S.L. 2022  
23 (15 O.S. Supp. 2022, Section 140.5), is amended to read as follows:

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



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

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

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

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

22 B. 1. No administrator or provider operating as an  
23 administrator shall perform or engage in any administrative or  
24 operational functions of vehicle value protection agreements without

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

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

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

12 C. Requirements for offering vehicle value protection  
13 agreements:

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

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

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

1 a. insure all of its vehicle value protection agreements  
2 under an insurance policy that covers one hundred  
3 percent (100%) of its claim exposure, satisfies the  
4 requirements of this act, and contains the following  
5 provision: "In the event the provider is unable to  
6 fulfill its obligations under vehicle value protection  
7 agreements issued in this state for any reason  
8 including insolvency, bankruptcy, or dissolution, the  
9 insurer will pay any losses and unearned fees to the  
10 person making a claim under such agreement." The  
11 insurance policy shall be issued by an insurer  
12 licensed, registered, or otherwise authorized to do  
13 business in this state either:

14 (1) at the time the policy is filed with the  
15 Insurance Commissioner, and continuously  
16 thereafter, (i) maintain surplus as to  
17 policyholders and paid-in capital no less than  
18 Fifteen Million Dollars (\$15,000,000.00) and (ii)  
19 annually file copies of the insurer's financial  
20 statements, its National Association of Insurance  
21 Commissioners (NAIC) Annual Statement, and the  
22 actuarial certification required by and filed in  
23 the insurer's state of domicile, or  
24

1 (2) at the time the policy is filed with the  
2 Commissioner, and continuously thereafter, (i)  
3 maintain surplus as to policyholders and paid-in  
4 capital of less than Fifteen Million Dollars  
5 (\$15,000,000.00) but at least equal to Ten  
6 Million Dollars (\$10,000,000.00), (ii)  
7 demonstrate to the satisfaction of the  
8 Commissioner that the company maintains a ratio  
9 of net written premiums, wherever written, to  
10 surplus as to policyholders and paid-in capital  
11 of not greater than 3 to 1, and (iii) annually  
12 file copies of the insurer's audited financial  
13 statements, its NAIC Annual Statement, and the  
14 actuarial certification required by and filed in  
15 the insurer's state of domicile,

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

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

10 (a) a surety bond issued by an authorized  
11 surety,

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

14 (c) ~~cash,~~

15 ~~(d)~~ a letter of credit issued by a qualified  
16 financial institution, or

17 ~~(e)~~

18 (d) another form of security prescribed by  
19 regulations issued by the Commissioner, or

20 c. (1) maintain, or together with its parent company  
21 maintain, a net worth or stockholders' equity of  
22 One Hundred Million Dollars (\$100,000,000.00), ~~or~~  
23 and  
24

1 (2) upon request, provide the Commissioner with a  
2 copy of the provider's or the provider's parent  
3 company's most recent Form 10-K or Form 20-F  
4 filed with the Securities and Exchange Commission  
5 (SEC) within the last calendar year, or if the  
6 company does not file with the SEC, a copy of the  
7 company's audited financial statements, which  
8 shows a net worth of the provider or its parent  
9 company of at least One Hundred Million Dollars  
10 (\$100,000,000.00). If the provider's parent  
11 company's Form 10-K, Form 20-F, or financial  
12 statements are filed to meet the provider's  
13 financial security requirement, then the parent  
14 company shall agree to guarantee the obligations  
15 of the provider relating to the vehicle value  
16 protection agreements sold by the provider in  
17 this state; and

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

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

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

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

5           3. That the vehicle value protection agreement may be canceled  
6 by the contract holder within a free look period as specified in the  
7 vehicle value protection agreement, and in such an event, the  
8 contract holder shall be entitled to a full refund of the purchase  
9 price paid by the contract holder, if any, as long as no benefits  
10 have been provided;

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

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

20           6. In the event of cancelation, the methodology for calculating  
21 any refund of the unearned purchase price of the vehicle value  
22 protection agreement due;

23           7. That neither the extension of credit, the terms of the  
24 credit, nor the terms of the related motor vehicle sale or lease may

1 be conditioned upon the purchase of the vehicle value protection  
2 agreement; and

3 8. Vehicle value protection agreements shall state the terms  
4 and restrictions, or conditions governing cancelation of the vehicle  
5 value protection agreement prior to the termination or expiration  
6 date of the vehicle value protection agreement by either the  
7 provider or the contract holder. The provider of the vehicle value  
8 protection agreement shall mail a written notice to the contract  
9 holder at the last known address of the contract holder contained in  
10 the records of the provider at least five (5) days prior to  
11 cancelation by the provider. Prior notice shall not be required if  
12 the reason for cancelation is nonpayment of the provider fee, a  
13 material misrepresentation by the contract holder to the provider or  
14 administrator, or a substantial breach of duties by the contract  
15 holder relating to the covered product or its use. The notice shall  
16 state the effective date of cancelation and the reason for the  
17 cancelation. If a vehicle value protection agreement is canceled by  
18 the provider for a reason other than nonpayment of the provider fee,  
19 the provider shall refund the contract holder one hundred percent  
20 (100%) of the unearned pro rata provider fee paid by the contract  
21 holder, if any. If coverage under the vehicle value protection  
22 agreement continues after a claim, then any refund may deduct claims  
23 paid. A reasonable administrative fee may be charged by the  
24 provider not to exceed Seventy-five Dollars (\$75.00).



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

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

6       Section 140.6. The Insurance Commissioner shall promulgate  
7 rules necessary to enforce the provisions of ~~this act~~ Section 140.2  
8 et seq. of this title. After proper notice and opportunity for  
9 hearing the Commissioner may take either or both of the following  
10 actions:

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

15       2. Impose a penalty not to exceed Five Hundred Dollars  
16 (\$500.00) per violation and no more than Ten Thousand Dollars  
17 (\$10,000.00) for aggregated violations of a similar nature. For  
18 purposes of this section, "violations of a similar nature" means the  
19 violation consisted of the same or similar course of conduct,  
20 action, or practice, irrespective of the number of times the action,  
21 conduct, or practice which is determined to be a violation of ~~this~~  
22 ~~act~~ Section 140.2 et seq. of this title occurred.

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

1 Section 141.4. A. No person in this state shall act as a  
2 service warranty association unless licensed by the Insurance  
3 Commissioner.

4 B. A service warranty association shall pay to the Insurance  
5 Department a license fee of Four Hundred Dollars (\$400.00) for such  
6 license for each year, or part thereof, the license is in force.  
7 Each service warranty association applying for a license shall  
8 electronically submit a complete license application and pay the  
9 license fee to the Insurance Commissioner in the manner and form  
10 prescribed by the Commissioner, along with any transaction or other  
11 applicable fees. Each application shall include a signed  
12 declaration that under penalty of refusal, suspension, or revocation  
13 of the license, the information provided in the application is true,  
14 correct, and complete to the best of the applicant's knowledge and  
15 belief.

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

21 D. A service warranty association may appoint an administrator  
22 or other designee to be responsible for any or all of the  
23 administration of service warranties and compliance with the Service  
24 Warranty Act.

1 E. The marketing, sale, offering for sale, issuance, making,  
2 proposing to make and administration of service warranties by  
3 associations and related service warranty sellers, administrators,  
4 and other persons shall be exempt from all provisions of the  
5 Oklahoma Insurance Code.

6 F. An agreement which provides specified scheduled maintenance  
7 services over a stated period of time does not constitute insurance  
8 or a service warranty.

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

11 Section 141.5. The Insurance Commissioner shall not issue or  
12 renew a license to any service warranty association unless the  
13 association:

14 1. Is a solvent association;

15 2. Furnishes the Insurance Department with satisfactory  
16 evidence that the management of the association is competent and  
17 trustworthy and can successfully manage the affairs of the  
18 association in compliance with law;

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

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

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

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

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

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

1 that is double the initial application fee, in addition to any fines  
2 imposed. All applications received after the license has been  
3 expired for more than ninety (90) days shall include a detailed  
4 report of service warranties issued in this state during the period  
5 of expired licensure.

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

9 Section 141.13. A. No service warranty form or related form  
10 shall be issued or used in this state unless the form has been filed  
11 with the Insurance Commissioner. Service warranty forms shall not  
12 be subject to prior approval and shall be filed with the Insurance  
13 Commissioner for informational purposes only.

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

23 C. Service warranties shall state the name and address of the  
24 service warranty association and shall identify any administrator if

1 different from the service warranty association, the service  
2 warranty seller and the service warranty holder to the extent that  
3 the name of the service warranty holder has been furnished by the  
4 service warranty holder. For service warranties issued on and after  
5 July 1, 2017, the identity of the service warranty association and  
6 its license number shall be preprinted on the service warranty or  
7 added at the time of sale so consumers can clearly identify the  
8 obligor of the service warranty. Information to be printed at the  
9 time of sale shall be indicated as such at the time the service  
10 warranty is filed and a "Jane Doe" specimen shall accompany the  
11 service warranty illustrating how the service warranty will look  
12 after printing.

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

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

24 1. Violates the Service Warranty Act;

1        2. Is misleading in any respect; or

2        3. Is reproduced so that any material provision is  
3 substantially illegible.

4        E. The Insurance Commissioner may, by order, exempt from the  
5 requirements of this section for so long as he or she deems proper  
6 any document or form or type thereof as specified in such order, to  
7 which, in his or her discretion, this section may not practicably be  
8 applied, or the filing of which is, in his or her opinion, not  
9 desirable or necessary for the protection of the public.

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

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

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

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

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

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

19 D. Provider fees and assessments received by associations and  
20 insurers for service warranties shall not be subject to the premium  
21 tax provided in Section 624 of Title 36 of the Oklahoma Statutes,  
22 but shall be subject to an administrative fee of equal to two  
23 percent (2%) of the gross provider fee received on the sale of all  
24 service warranties issued in this state during the preceding



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

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

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

24

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

5 C. Every service warranty association, upon receipt of any  
6 pertinent written communication including, but not limited to,  
7 electronic mail or other forms of written electronic communication  
8 or documentation by the service warranty association of a verbal  
9 communication from a claimant which reasonably suggests that a  
10 response is expected, shall, within thirty (30) days after receipt  
11 thereof, furnish the claimant with an adequate response to the  
12 communication.

13 D. Any violation by a service warranty association of this  
14 section shall subject the service warranty association to discipline  
15 including a civil penalty ~~of~~ not less than One Hundred Dollars  
16 (\$100.00) nor more than Five Thousand Dollars (\$5,000.00).

17 SECTION 10. This act shall become effective November 1, 2023.  
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1 Passed the Senate the 20th day of March, 2023.

2  
3 \_\_\_\_\_  
4 Presiding Officer of the Senate

5 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
6 2023.

7  
8 \_\_\_\_\_  
9 Presiding Officer of the House  
10 of Representatives