

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

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

1 Commissioners (NAIC) Annual Statement, and the
2 actuarial certification required by and filed in
3 the insurer's state of domicile, or

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

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

1 for all in-force contracts. The reserve account
2 shall be subject to examination and review by the
3 Commissioner, and

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

13 (a) a surety bond issued by an authorized
14 surety,

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

17 (c) ~~cash,~~

18 ~~(d)~~ a letter of credit issued by a qualified
19 financial institution, or

20 ~~(e)~~

21 (d) another form of security prescribed by
22 regulations issued by the Commissioner, or

23 c. (1) maintain, or together with its parent company
24 maintain, a net worth or stockholders' equity of

1 One Hundred Million Dollars (\$100,000,000.00), ~~or~~
2 and

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

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

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

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

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

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

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

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

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

1 7. That neither the extension of credit, the terms of the
2 credit, nor the terms of the related motor vehicle sale or lease may
3 be conditioned upon the purchase of the vehicle value protection
4 agreement; and

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

1 paid. A reasonable administrative fee may be charged by the
2 provider not to exceed Seventy-five Dollars (\$75.00).

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

6 SECTION 3. AMENDATORY Section 5, Chapter 16, O.S.L. 2022
7 (15 O.S. Supp. 2022, Section 140.6), is amended to read as follows:

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

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

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

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

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

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

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

23 D. A service warranty association may appoint an administrator
24 or other designee to be responsible for any or all of the

1 administration of service warranties and compliance with the Service
2 Warranty Act.

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

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

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

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

16 1. Is a solvent association;

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

21 3. Proposes to use and uses in its business a name together
22 with a trademark or emblem, if any, which is distinctive and not so
23 similar to the name or trademark of any other person already doing
24

1 business in this state as will tend to mislead or confuse the
2 public;

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

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

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

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

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

1 applicable fees. The Commissioner shall require a service warranty
2 association whose license has been expired for more than ninety (90)
3 days to reapply as if a new applicant and pay an application fee
4 that is double the initial application fee, in addition to any fines
5 imposed. All applications received after the license has been
6 expired for more than ninety (90) days shall include a detailed
7 report of service warranties issued in this state during the period
8 of expired licensure.

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

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

17 B. Each service warranty contract shall contain a ~~cancellation~~
18 cancelation provision. In the event the contract is canceled by the
19 warranty holder, return of the provider fee shall be based upon
20 ninety percent (90%) of the unearned pro rata provider fee less the
21 actual cost of any service provided under the service warranty
22 contract. In the event the contract is canceled by the association,
23 return of premium shall be based upon one hundred percent (100%) of
24

1 unearned pro rata provider fee less the actual cost of any service
2 provided under the service warranty contract.

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

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

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

- 4 1. Violates the Service Warranty Act;
- 5 2. Is misleading in any respect; or
- 6 3. Is reproduced so that any material provision is
7 substantially illegible.

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

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

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

1 information as deemed necessary by the Commissioner. The financial
2 statements required by this 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 the Commissioner, quarterly statements or special reports which the
19 Commissioner deems necessary for the proper supervision of licensees
20 under the Service 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 Insurance Department that have
7 contractual liability insurance in place as of March 31, 2009, from
8 an insurer which satisfies the requirements of subsections B and C
9 of Section 141.6 of this title and which covers one hundred percent
10 (100%) of the claims exposure of the association or insurer on all
11 contracts written may elect to pay an annual administrative fee of
12 Three Thousand Dollars (\$3,000.00) in lieu of the two-percent
13 administrative fee.

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

16 Section 141.33. A. Claim files of service warranty
17 associations licensed pursuant to the Service Warranty Act shall be
18 subject to examination by the Insurance Commissioner or by duly
19 appointed designees. The claim files shall contain all notes and
20 work papers pertaining to a claim in such detail that pertinent
21 events and the dates of the events can be reconstructed. In
22 addition, the Commissioner and authorized employees and examiners
23 shall have access to any files of a service warranty association
24

1 that may relate to a particular complaint under investigation or to
2 an inquiry or examination by the Insurance Department.

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

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

15 D. Any violation by a service warranty association of this
16 section shall subject the service warranty association to discipline
17 including a civil penalty ~~of~~ not less than One Hundred Dollars
18 (\$100.00) nor more than Five Thousand Dollars (\$5,000.00).

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

20
21 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated 04/04/2023 - DO
22 PASS.
23
24