

1 **SENATE FLOOR VERSION**

2 February 14, 2023

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 553

By: Montgomery of the Senate

and

Sneed of the House

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8  
9 An Act relating to the Third-party Administrator Act;  
10 amending 36 O.S. 2021, Section 1450, which relates to  
11 licensure; removing requirement for certain applicant  
12 to submit certain documentation; requiring certain  
13 applications and fees to be submitted and paid  
14 electronically; requiring renewal fee prior to  
15 reinstatement of certain license; providing renewal  
16 procedure for certain expired license; requiring  
17 certain report from expired licensees; conforming  
18 language; requiring certain updates to administrator  
19 information by certain date; requiring certain  
20 administrator respond to certain inquiries by certain  
21 date; updating statutory language; and providing an  
22 effective date.

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

24 SECTION 1. AMENDATORY 36 O.S. 2021, Section 1450, is  
amended to read as follows:

Section 1450. A. No person shall act as or present himself or  
herself to be an administrator, as defined by the provisions of the  
Third-party Administrator Act, in this state, unless the person

1 holds a valid license as an administrator which is issued by the  
2 Insurance Commissioner.

3 B. An administrator shall not be eligible for a nonresident  
4 administrator license under this section if the administrator does  
5 not hold a home state certificate of authority or license in a state  
6 that has adopted the Third-party Administrator Act or that applies  
7 substantially similar provisions as are contained in the Third-party  
8 Administrator Act to that administrator. If the Third-party  
9 Administrator Act in the administrator's home state does not extend  
10 to stop-loss insurance, but if the home state otherwise applies  
11 substantially similar provisions as are contained in the Third-party  
12 Administrator Act to that administrator, then that omission shall  
13 not operate to disqualify the administrator from receiving a  
14 nonresident administrator license in this state.

15 1. "Home state" means the United States jurisdiction that has  
16 adopted the Third-party Administrator Act or a substantially similar  
17 law governing third-party administrators and which has been  
18 designated by the administrator as its principal regulator. The  
19 administrator may designate either its state of incorporation or its  
20 principal place of business within the United States if that  
21 jurisdiction has adopted the Third-party Administrator Act or a  
22 substantially similar law governing third-party administrators. If  
23 neither the administrator's state of incorporation nor its principal  
24 place of business within the United States has adopted the Third-

1 party Administrator Act or a substantially similar law governing  
2 third-party administrators, then the third-party administrator shall  
3 designate a United States jurisdiction in which it does business and  
4 which has adopted the Third-party Administrator Act or a  
5 substantially similar law governing third-party administrators. For  
6 purposes of this paragraph, "United States jurisdiction" means the  
7 District of Columbia or a state or territory of the United States.

8 2. "Nonresident administrator" means a person who is applying  
9 for licensure or is licensed in any state other than the  
10 administrator's home state.

11 C. In the case of a partnership which has been licensed, each  
12 general partner shall be licensed and shall qualify therefore as  
13 though an individual licensee. The Commissioner shall charge a full  
14 additional license fee and a separate license shall be issued for  
15 each individual so named in ~~such a~~ the license. The partnership  
16 shall notify the Commissioner within thirty (30) days if any  
17 individual licensed on its behalf has been terminated, or is no  
18 longer associated with or employed by the partnership. Any person  
19 making application as an administrator or currently licensed as an  
20 administrator under the Third-party ~~Administrators~~ Administrator Act  
21 shall provide a National Association of Insurance ~~Commissioner~~  
22 Commissioners (NAIC) Biographical Affidavit ~~and a comprehensive~~  
23 ~~review of the background report by an independent third-party NAIC-~~

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1 ~~approved vendor as required for domestic insurers pursuant to the~~  
2 ~~insurance laws of this state.~~

3 D. An application for an administrator's license shall be in a  
4 form prescribed by the Commissioner and shall be accompanied by a  
5 fee of One Hundred Dollars (\$100.00). The application shall be  
6 filed and the fee shall be paid electronically in a form and manner  
7 prescribed by the Commissioner. This fee shall not be refundable if  
8 the application is denied or refused for any reason by either the  
9 applicant or the Commissioner.

10 E. The administrator's license shall continue in force no  
11 longer than twelve (12) months from the original month of issuance.  
12 Upon filing a renewal form prescribed by the Commissioner,  
13 accompanied by a fee of One Hundred Dollars (\$100.00), the license  
14 may be renewed annually for a one-year term. ~~Late application for~~  
15 ~~renewal of a license shall require a fee of double the amount of the~~  
16 ~~original license fee.~~ The renewal shall be filed, and the fee shall  
17 be paid electronically in a form and manner prescribed by the  
18 Commissioner. A license that expires for failure to submit a  
19 renewal application may be reinstated within ninety (90) days after  
20 the expiration date by electronically submitting a fee in an amount  
21 of Two Hundred Dollars (\$200.00) in a form and manner prescribed by  
22 the Commissioner and any other transaction or other fee deemed  
23 necessary by the Commissioner. All applications received after the  
24 license has expired for more than ninety (90) days shall include a

1 detailed report of administrator services provided in this state  
2 during the period of expired licensure. The administrator shall  
3 submit, together with the application for renewal, a list of the  
4 names and addresses of the persons with whom the administrator has  
5 contracted in accordance with Section 1443 of this title. The  
6 Commissioner shall hold this information confidential except as  
7 provided in Section 1443 of this title.

8 F. 1. The administrator's license shall be issued or renewed  
9 by the Commissioner unless, after notice and opportunity for  
10 hearing, the Commissioner determines that the administrator is not  
11 competent, trustworthy, or financially responsible, or has had any  
12 insurance license denied for cause by any state, has been convicted  
13 or has pleaded guilty or nolo contendere to any felony or to a  
14 misdemeanor involving moral turpitude or dishonesty.

15 2. The administrator shall report to the Insurance Commissioner  
16 any administrative or criminal action taken against the  
17 administrator in another jurisdiction or by another governmental  
18 agency in this state within thirty (30) calendar days of the final  
19 disposition of the matter. This report shall include a copy of the  
20 order, consent to order, copy of any payment required as a result of  
21 the administrative or criminal action, or other relevant legal  
22 documents.

23 3. Any entity making application to the ~~Oklahoma~~ Insurance  
24 Department as a third-party administrator (TPA) or within thirty

1 (30) days of a change for a licensed TPA shall provide current  
2 National Association of Insurance Commissioners (NAIC) Biographical  
3 Affidavits ~~and independent third party background reports from a~~  
4 ~~NAIC approved vendor~~ on behalf of all officers, directors and key  
5 managerial personnel of the TPA, and individuals with a ten percent  
6 (10%) or more beneficial ownership in the TPA and the TPA's ultimate  
7 controlling person (affiant) as required for insurers pursuant to  
8 the laws of this state.

9 G. After notice and opportunity for hearing, and upon  
10 determining that the administrator has violated any of the  
11 provisions of the Oklahoma Insurance Code or upon finding reasons  
12 for which the issuance or nonrenewal of such license could have been  
13 denied, the Commissioner may either suspend or revoke an  
14 administrator's license or assess a civil penalty ~~of~~ not more than  
15 Five Thousand Dollars (\$5,000.00) for each occurrence. The payment  
16 of the penalty may be enforced in the same manner as civil judgments  
17 may be enforced.

18 H. Any person who is acting as or presenting himself or herself  
19 to be an administrator without a valid license shall be subject,  
20 upon conviction, to a fine ~~of~~ not less than One Thousand Dollars  
21 (\$1,000.00) nor more than Ten Thousand Dollars (\$10,000.00) for each  
22 occurrence. This fine shall be in addition to any other penalties  
23 which may be imposed for violations of the Oklahoma Insurance Code  
24 or other laws of this state.

1 I. Except as provided for in subsections F and G of this  
2 section, any person convicted of violating any provisions of the  
3 Third-party Administrator Act shall be guilty of a misdemeanor and  
4 shall be subject to a fine ~~of~~ not more than One Thousand Dollars  
5 (\$1,000.00).

6 J. Each administrator shall electronically submit, in a form  
7 and manner prescribed by the Commissioner, any change of legal  
8 business name, "doing business as" or assumed name, address, service  
9 agent contact information, or contact email address, and any  
10 necessary fees within thirty (30) days after the change occurred.  
11 Any submission of a change under this subsection that is received  
12 more than thirty (30) days after the change occurred shall be  
13 accompanied by a fee of Fifty Dollars (\$50.00).

14 K. Upon receipt of any inquiry from the Insurance Commissioner,  
15 a licensed administrator shall furnish the Commissioner with an  
16 adequate response to the inquiry within twenty (20) days from  
17 receipt of the inquiry.

18 SECTION 2. This act shall become effective November 1, 2023.

19 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE  
20 February 14, 2023 - DO PASS AS AMENDED BY CS  
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