

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 SENATE BILL 1010

By: Quinn

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5
6 AS INTRODUCED

7 An Act relating to insurance; amending 36 O.S. 2011,
8 Section 1435.8, which relates to insurance producer
9 licenses; modifying information required for
10 maintaining licensure; amending 36 O.S. 2011, Section
11 1435.13, which relates to suspension and revocation
12 of license; adding causes for license penalty;
13 eliminating requirement to return license in certain
14 circumstances; amending 36 O.S. 2011, Section
15 1435.15, as amended by Section 7, Chapter 275, O.S.L.
16 2014 (36 O.S. Supp. 2018, Section 1435.15), which
17 relates to appointment of producer as agent of
18 insurer; modifying timeline of certain filing;
19 amending 36 O.S. 2011, Section 1435.18, which relates
20 to administrative actions or criminal prosecutions
21 against producer; adding persons required to provide
22 certain notice to Insurance Commissioner; providing
23 for suspension of license for violating provision;
24 applying certain provision to certain licenses;
amending 36 O.S. 2011, Section 1435.29, as amended by
Section 7, Chapter 11, O.S.L. 2012 (36 O.S. Supp.
2018, Section 1435.29), which relates to continuing
education; decreasing certain required education
hours; amending 36 O.S. 2011, Section 1450, which
relates to licensing procedure; requiring
administrator to provide notice to Commissioner of
certain legal or administrative action; amending 36
O.S. 2011, Section 4055.3, which relates to
application procedures; modifying factors Insurance
Commissioner shall consider for licensure; amending
36 O.S. 2011, Section 6203, which relates to persons
not deemed adjusters or required to obtain license;
modifying situation in which nonresident insurance
adjuster is exempt from licensure; amending 36 O.S.
2011, Section 6206, as amended by Section 13, Chapter
44, O.S.L. 2012 (36 O.S. Supp. 2018, Section 6206),

1 which relates to mailing addresses; modifying
2 information required to be submitted to Insurance
3 Commissioner; amending 36 O.S. 2011, Section 6220, as
4 last amended by Section 10, Chapter 73, O.S.L. 2016
5 (36 O.S. Supp. 2018, Section 6220), which relates to
6 suspension, revocation, or refusal to renew license;
7 eliminating ground for penalty; adding use of certain
8 materials in licensing exam as ground for penalty;
9 amending 36 O.S. 2011, Section 6754, which relates to
10 service contracts; requiring filing and approval of
11 certain contracts with Commissioner; updating
12 statutory language; updating statutory reference; and
13 providing an effective date.

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

15 SECTION 1. AMENDATORY 36 O.S. 2011, Section 1435.8, is
16 amended to read as follows:

17 Section 1435.8. A. Unless denied licensure pursuant to Section
18 1435.13 of this title, persons who have met the requirements of
19 Sections 1435.6 and 1435.7 of this title shall be issued an
20 insurance producer license. An insurance producer may receive
21 qualification for a license in one or more of the following lines of
22 authority:

23 1. Life - insurance coverage on human lives including benefits
24 of endowment and annuities, and may include benefits in the event of
25 death or dismemberment by accident and benefits for disability
26 income;

1 2. Accident and health or sickness - insurance coverage for
2 sickness, bodily injury or accidental death and may include benefits
3 for disability income;

4 3. Property - insurance coverage for the direct or
5 consequential loss or damage to property of every kind;

6 4. Casualty - insurance coverage against legal liability,
7 including that for death, injury or disability or damage to real or
8 personal property;

9 5. Variable life and variable annuity products - insurance
10 coverage provided under variable life insurance contracts and
11 variable annuities;

12 6. Personal lines - property and casualty insurance coverage
13 sold to individuals and families for primarily noncommercial
14 purposes;

15 7. Commercial lines - property and casualty insurance coverage
16 sold to businesses for primarily commercial purposes;

17 8. Credit - limited line credit insurance;

18 9. Title insurance - insurance coverage that insures or
19 guarantees the title to real or personal property or any interest
20 therein or encumbrance thereon;

21 10. Aircraft title insurance - insurance coverage that protects
22 an aircraft owner or lender against loss of the aircraft or priority
23 security position in the event of a successful adverse claim on the
24 title to an aircraft; and

1 11. Any other line of insurance permitted under state laws or
2 regulations.

3 B. An insurance producer license shall remain in effect unless
4 revoked or suspended as long as the fee set forth in Section 1435.23
5 of this title is paid and education requirements for resident
6 individual producers are met by the due date.

7 C. An individual insurance producer who allows the license to
8 lapse may, within twelve (12) months from the due date of the
9 renewal fee, reinstate the same license without the necessity of
10 passing a written examination unless the license was revoked,
11 suspended, or continuation thereof was refused by the Commissioner.
12 However, a penalty in the amount of double the unpaid renewal fee
13 shall be required for any renewal fee received after the due date.
14 Continuing education requirements must be kept current.

15 D. A licensed insurance producer who is unable to comply with
16 license renewal procedures due to military service or some other
17 extenuating circumstance, such as a long-term medical disability,
18 may request a waiver of those procedures. The producer may also
19 request a waiver of any examination requirement or any other fine or
20 sanction imposed for failure to comply with renewal procedures.

21 E. The license shall contain the licensee's name, physical
22 residential address, physical business address, preferred mailing
23 address, personal identification number, and the date of issuance,
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1 the lines of authority, the expiration date and any other
2 information the Insurance Commissioner deems necessary.

3 F. Licensees shall inform by any means acceptable to the
4 Insurance Commissioner of a change of legal name, address, or e-mail
5 address within thirty (30) days of the change to permit the
6 Insurance Commissioner to give proper notice to licensees. A change
7 in legal name or address submitted more than thirty (30) days after
8 the change must include an administrative fee of Fifty Dollars
9 (\$50.00). Failure to provide acceptable notification of a change of
10 legal name or address to the Insurance Commissioner within forty-
11 five (45) days of the date the administrative fee is assessed shall
12 result in penalties pursuant to Section 1435.13 of this title.

13 G. In order to assist in the performance of the Insurance
14 Commissioner's duties, the Insurance Commissioner may contract with
15 nongovernmental entities, including the National Association of
16 Insurance Commissioners (NAIC) or any affiliates or subsidiaries
17 that the NAIC oversees, to perform any ministerial functions,
18 including the collection of fees, related to producer licensing that
19 the Insurance Commissioner and the nongovernmental entity may deem
20 appropriate.

21 H. The Commissioner may participate, in whole or in part, with
22 the National Association of Insurance Commissioners, or any
23 affiliates or subsidiaries the National Association of Insurance
24 Commissioners oversees, in a centralized producer license registry

1 where insurance producer licenses and appointments may be centrally
2 or simultaneously effected for all states that require an insurance
3 producer license and participate in such centralized producer
4 license registry. If the Commissioner finds that participation in
5 such a centralized producer license registry is in the public
6 interest, the Commissioner may adopt by rule any uniform standards
7 or procedures as are necessary to participate in the registry. This
8 includes the central collection of all fees for licenses or
9 appointments that are processed through the registry.

10 SECTION 2. AMENDATORY 36 O.S. 2011, Section 1435.13, is
11 amended to read as follows:

12 Section 1435.13. A. The Insurance Commissioner may place on
13 probation, censure, suspend, revoke or refuse to issue or renew a
14 license issued pursuant to the Oklahoma Producer Licensing Act or
15 may levy a civil penalty in accordance with subsection D of this
16 section or any combination of actions, for any one or more of the
17 following causes:

18 1. Providing incorrect, misleading, incomplete or materially
19 untrue information in the license application;

20 2. Violating any insurance laws, or violating any regulation,
21 subpoena or order of the Insurance Commissioner or of another
22 state's Insurance Commissioner;

23 3. Obtaining or attempting to obtain a license through
24 misrepresentation or fraud;

1 4. Improperly withholding, misappropriating or converting any
2 monies or properties received in the course of doing insurance
3 business;

4 5. Intentionally misrepresenting the terms of an actual or
5 proposed insurance contract or application for insurance;

6 6. Having been convicted of a felony;

7 7. Having admitted or been found to have committed any
8 insurance unfair trade practice or fraud;

9 8. Using fraudulent, coercive, or dishonest practices, or
10 demonstrating incompetence, untrustworthiness or financial
11 irresponsibility in the conduct of business in this state or
12 elsewhere;

13 9. Having an insurance producer license, or its equivalent,
14 denied, suspended, censured, placed on probation or revoked in any
15 other state, province, district or territory;

16 10. Forging another's name to an application for insurance or
17 to any document related to an insurance transaction;

18 11. Improperly using notes or any other reference material to
19 complete an examination for an insurance license;

20 12. Knowingly accepting insurance business from an individual
21 who is not licensed;

22 13. Failing to comply with an administrative or court order
23 imposing a child support obligation; ~~or~~

1 14. Failing to pay state income tax or comply with any
2 administrative or court order directing payment of state income tax;

3 15. Failing to respond to any inquiry, including but not
4 limited to electronic communications, from the Department within
5 thirty (30) calendar days of receipt of such inquiry; or

6 16. Any cause for which an original issuance of a license could
7 have been refused.

8 B. In the event that the action by the Insurance Commissioner
9 is to nonrenew or to deny an application for a license, the
10 Insurance Commissioner shall notify the applicant or licensee and
11 advise the applicant or licensee, in writing, of the reason for the
12 denial or nonrenewal of the applicant's or licensee's license. The
13 applicant or licensee may make written demand upon the Insurance
14 Commissioner within thirty (30) days of the date of notification of
15 ~~said~~ the notification by the Insurance Commissioner for a hearing
16 before the Insurance Commissioner or an independent hearing examiner
17 to determine the reasonableness of the Insurance Commissioner's
18 action. The hearing shall be heard within a reasonable time period
19 and shall be held pursuant to the Oklahoma Administrative Procedures
20 Act.

21 C. The license of a business entity may be suspended, revoked
22 or refused if the Insurance Commissioner finds, after opportunity
23 for hearing, that an individual licensee's violation was known or
24 should have been known by one or more of the partners, officers or
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1 managers acting on behalf of the partnership or corporation and the
2 violation was neither reported to the Insurance Commissioner nor
3 corrective action taken.

4 D. In addition to or in lieu of any applicable denial,
5 probation, censure, suspension or revocation of a license, a person
6 may, after opportunity for hearing, be subject to a civil fine of
7 not less than One Hundred Dollars (\$100.00) nor more than One
8 Thousand Dollars (\$1,000.00) for each occurrence. ~~Said~~ The penalty
9 may be enforced in the same manner in which civil judgments may be
10 enforced.

11 E. Every licensee licensed pursuant to the provisions of the
12 Oklahoma Producer Licensing Act shall keep at the licensee's place
13 of business the usual and customary records pertaining to
14 transactions authorized by the license. All records as to any
15 particular transactions shall be kept available and open to the
16 inspection of the Commissioner at any time during business hours
17 during the three (3) years immediately following the date of
18 completion of the transaction. The Commissioner may require a
19 financial or market conduct examination during any investigation of
20 a licensee. The cost of such examination shall be apportioned among
21 all of the appointing insurers of the licensee.

22 F. The Insurance Commissioner shall retain the authority to
23 enforce the provisions of and impose any penalty or remedy
24 authorized by the Oklahoma Producer Licensing Act and Title 36 of

1 the Oklahoma Statutes against any person who is under investigation
2 for or charged with a violation of the Oklahoma Producer Licensing
3 Act or Title 36 of the Oklahoma Statutes even if the person's
4 license or registration has been surrendered or has lapsed by
5 operation of law.

6 G. Files pertaining to investigations or legal matters which
7 contain information concurring a current and ongoing investigation
8 of allegations of violations of the Oklahoma Insurance Code by a
9 licensed agent shall not be available for public inspection without
10 proper judicial authorization; however, a licensee under
11 investigation for alleged violations of the Oklahoma Insurance Code,
12 or against whom an action for alleged violations of the Oklahoma
13 Insurance Code has been commenced, may view evidence and complaints
14 pertaining to the investigation, other than privileged information,
15 at reasonable times at the Commissioner's office. All qualification
16 examination materials, booklets and answers for any license
17 authorized to be issued by the Commissioner under any statute shall
18 not be available for public inspection. The residence address,
19 residence telephone number, birth date, and social security number
20 of a licensee shall not be available for public inspection. A
21 separate business or mailing address provided by the licensee shall
22 be considered a public record. If the residence and business
23 addresses or residence and business telephone numbers are the same,
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1 such addresses or telephone numbers shall be considered a public
2 record.

3 H. The Commissioner shall promptly notify all appointing
4 insurers, where applicable, and the licensee regarding any censure,
5 suspension, revocation or termination of license by the
6 Commissioner.

7 I. Upon suspension, revocation or termination of the license of
8 a resident or nonresident of this state, the Commissioner shall
9 notify the Central Office of the National Association of Insurance
10 Commissioners, or its appropriate nonprofit affiliates and the
11 Insurance Commissioner of each state for whom the Commissioner has
12 executed a certificate of licensure status.

13 J. ~~Any licensee who ceases to maintain residency in this state~~
14 ~~shall deliver the licensee's insurance license to the Commissioner~~
15 ~~by personal delivery or by mail with return receipt requested within~~
16 ~~ten (10) days after terminating residency.~~

17 K. The Commissioner may issue a duplicate license for any lost,
18 stolen or destroyed license issued pursuant to ~~this act~~ the Oklahoma
19 Producer Licensing Act upon an affidavit of the licensee prescribed
20 by the Commissioner concerning the facts of such loss, theft or
21 destruction.

22 SECTION 3. AMENDATORY 36 O.S. 2011, Section 1435.15, as
23 amended by Section 7, Chapter 275, O.S.L. 2014 (36 O.S. Supp. 2018,
24 Section 1435.15), is amended to read as follows:

1 Section 1435.15. A. An insurance producer shall not act as an
2 agent of an insurer unless the insurance producer becomes an
3 appointed agent of that insurer. An insurance producer who is not
4 acting as an agent of an insurer is not required to become
5 appointed.

6 B. To appoint a producer as its agent, the appointing insurer,
7 or an authorized representative of the insurer, shall file, in a
8 format approved by the Insurance Commissioner, a notice of
9 appointment within fifteen (15) days from the date the agency
10 contract is executed ~~or the first insurance application is~~
11 ~~submitted~~. For purposes of this section, an "authorized
12 representative of the insurer" means a person or entity licensed by
13 the Commissioner pursuant to the laws of this state who is
14 authorized in writing by the appointing insurer to file appointments
15 for the appointing insurer. An insurer or authorized representative
16 of an insurer may also elect to appoint a producer to all or some
17 insurers within the insurer's holding company system or group by the
18 filing of a single appointment request.

19 C. Upon receipt of the notice of appointment, the Insurance
20 Commissioner shall verify within a reasonable time not to exceed
21 thirty (30) days that the insurance producer is eligible for
22 appointment. If the insurance producer is determined to be
23 ineligible for appointment, the Commissioner shall notify the
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1 insurer and the authorized representative of the insurer within five
2 (5) days of its determination.

3 D. An insurer or authorized representative of an insurer shall
4 pay an appointment fee, in the amount and method of payment set
5 forth in Section 1435.23 of this title, for each insurance producer
6 appointed by the insurer for each insurer for which the insurance
7 producer is appointed.

8 E. It shall be unlawful for any insurer to discriminate among
9 or between the insurance producers it has appointed. Any person or
10 company convicted of violating the provisions of this section shall
11 be guilty of a misdemeanor and shall be punished by the imposition
12 of a fine of not more than Five Hundred Dollars (\$500.00) or
13 imprisonment in the county jail for not less than six (6) months nor
14 more than one (1) year, or be punished by both fine and
15 imprisonment.

16 SECTION 4. AMENDATORY 36 O.S. 2011, Section 1435.18, is
17 amended to read as follows:

18 Section 1435.18. A. A Whether an applicant for, a person
19 licensed as or a person seeking a renewal for a producer license,
20 that person shall report to the Insurance Commissioner any
21 administrative action taken against ~~the producer~~ that person in
22 another jurisdiction or by another governmental agency in this state
23 within thirty (30) days of the final disposition of the matter.
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1 This report shall include a copy of the order, consent to order or
2 other relevant legal documents.

3 B. Within thirty (30) days of the initial pretrial hearing
4 date, an applicant for, a person licensed as or a person seeking a
5 renewal for a producer license shall report to the Insurance
6 Commissioner any criminal prosecution of ~~the producer~~ that person
7 taken in any jurisdiction. The report shall include a copy of the
8 initial complaint filed, the order resulting from the hearing and
9 any other relevant legal documents.

10 C. Failure to comply with this statute shall result in
11 immediate suspension of an application for, a license of or renewal
12 of a producer license.

13 D. The provisions of this section shall apply to all licenses
14 under Sections 4055.1 et seq. of this title, the Unauthorized
15 Insurers and Surplus Lines Insurance Act, Section 1100 et seq. of
16 this title, the Oklahoma Producer Licensing Act, Section 1435.1 et
17 seq. of this title and the Insurance Adjusters Licensing Act,
18 Section 6201 et seq. of this title.

19 SECTION 5. AMENDATORY 36 O.S. 2011, Section 1450, is
20 amended to read as follows:

21 Section 1450. A. No person shall act as or present himself or
22 herself to be an administrator, as defined by the provisions of the
23 Third-party Administrator Act, in this state, unless the person
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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 definition, "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 named in the license and shall qualify
13 therefore as though an individual licensee. The Commissioner shall
14 charge a full additional license fee and a separate license shall be
15 issued for each individual so named in such a license. The
16 partnership shall notify the Commissioner within fifteen (15) days
17 if any individual licensed on its behalf has been terminated, or is
18 no longer associated with or employed by the partnership. Any
19 entity or partnership licensed as administrators under the Third-
20 party Administrators Act shall provide National Association of
21 Insurance Commissioner Biographical Affidavits as required for
22 domestic insurers pursuant to the insurance laws of this state.

23 D. An application for an administrator's license shall be in a
24 form prescribed by the Commissioner and shall be accompanied by a

1 fee of One Hundred Dollars (\$100.00). This fee shall not be
2 refundable if the application is denied or refused for any reason by
3 either the applicant or the Commissioner.

4 E. The administrator's license shall continue in force no
5 longer than twelve (12) months from the original month of issuance.
6 Upon filing a renewal form prescribed by the Commissioner,
7 accompanied by a fee of One Hundred Dollars (\$100.00), the license
8 may be renewed annually for a one-year term. Late application for
9 renewal of a license shall require a fee of double the amount of the
10 original license fee. The administrator shall submit, together with
11 the application for renewal, a list of the names and addresses of
12 the persons with whom the administrator has contracted in accordance
13 with Section 1443 of this title. The Commissioner shall hold this
14 information confidential except as provided in Section 1443 of this
15 title.

16 F. 1. The administrator's license shall be issued or renewed
17 by the Commissioner unless, after notice and opportunity for
18 hearing, the Commissioner determines that the administrator is not
19 competent, trustworthy, or financially responsible, or has had any
20 insurance license denied for cause by any state, has been convicted
21 or has pleaded guilty or nolo contendere to any felony or to a
22 misdemeanor involving moral turpitude or dishonesty.

23 2. The administrator shall report to the Insurance Commissioner
24 any administrative or criminal action taken against the

1 administrator in another jurisdiction or by another governmental
2 agency in this state within thirty (30) calendar days of the final
3 disposition of the matter. This report shall include a copy of the
4 order, consent to order, copy of any payment required as a result of
5 the administrative or criminal action, or other relevant legal
6 documents.

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

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

23 I. Except as provided for in subsections F and G of this
24 section, any person convicted of violating any provisions of the

1 Third-party Administrator Act shall be guilty of a misdemeanor and
2 shall be subject to a fine of not more than One Thousand Dollars
3 (\$1,000.00).

4 SECTION 5. AMENDATORY 36 O.S. 2011, Section 1435.29, as
5 amended by Section 7, Chapter 11, O.S.L. 2012 (36 O.S. Supp. 2018,
6 Section 1435.29), is amended to read as follows:

7 Section 1435.29. A. 1. Each insurance producer, with the
8 exception of title producers and aircraft title producers or any
9 other producer exempt by rule, shall, biennially, complete not less
10 than twenty-one (21) clock hours of continuing insurance education.
11 Such education may include a written or oral examination.

12 2. Each customer service representative shall, biennially,
13 complete not less than ten (10) clock hours of continuing insurance
14 education.

15 3. Licensees, with the exception of title producers and
16 aircraft title producers or any other producer exempt by rule, shall
17 complete, in addition to the foregoing, three (3) clock hours of
18 ethics course work in this same period.

19 4. Each title producer and aircraft title producer shall,
20 biennially, complete not less than sixteen (16) clock hours of
21 continuing insurance education, two (2) hours of which shall be
22 ethics course work, which shall cover the line for which the
23 producer is licensed. Such education may include a written or oral
24 examination.

1 B. 1. The Insurance Commissioner shall approve courses and
2 providers of continuing education. The Insurance Department may use
3 one or more of the following to review and provide a nonbinding
4 recommendation to the Insurance Commissioner on approval or
5 disapproval of courses and providers of continuing education:

- 6 a. employees of the Insurance Commissioner,
- 7 b. a continuing education advisory committee, or
- 8 c. an independent service whose normal business
9 activities include the review and approval of
10 continuing education courses and providers. The
11 Commissioner may negotiate agreements with such
12 independent service to review documents and other
13 materials submitted for approval of courses and
14 providers and provide the Commissioner with its
15 nonbinding recommendation. The Commissioner may
16 require such independent service to collect the fee
17 charged by the independent service for reviewing
18 materials provided for review directly from the course
19 providers.

20 The Insurance Commissioner has sole authority to approve courses
21 and providers of continuing education. If the Insurance
22 Commissioner uses one of the entities listed above to provide a
23 nonbinding recommendation, the Commissioner shall adopt or decline
24 to adopt the recommendation within thirty (30) days of receipt of

1 the recommendation. In the event the Insurance Commissioner takes
2 no action within said thirty-day period, the recommendation made to
3 the Commissioner will be deemed to have been adopted by the
4 Commissioner.

5 The Insurance Commissioner may certify providers and courses
6 offered for license examination study. The Insurance Department
7 shall use employees of the Insurance Commissioner to review and
8 certify license examination study program providers and courses.

9 2. Each insurance company shall be allowed to provide
10 continuing education to insurance producers and customer service
11 representatives as required by this section; provided that such
12 continuing education meets the general standards for education
13 otherwise established by the Insurance Commissioner.

14 3. An insurance producer who, during the time period prior to
15 renewal, participates in a professional designation program,
16 approved by the Insurance Commissioner, shall be deemed to have met
17 the biennial requirement for continuing education.

18 The curriculum for the program shall total a minimum of ~~twenty-~~
19 ~~four (24)~~ eight (8) hours ~~within a twenty-four month period per~~
20 year. Each approved professional designation program included in
21 this section shall be reviewed for quality and compliance every
22 three (3) years in accordance with standardized criteria promulgated
23 by rule. Continuation of approved status is contingent upon the
24 findings of the review. The list of professional designation

1 programs approved under this paragraph shall be made available to
2 producers and providers annually.

3 4. The Insurance Department may promulgate rules providing that
4 courses or programs offered by professional associations shall
5 qualify for presumptive continuing education credit approval. The
6 rules shall include standardized criteria for reviewing the
7 professional associations' mission, membership, and other relevant
8 information, and shall provide a procedure for the Department to
9 disallow all or part of a presumptively approved course.

10 Professional association courses approved in accordance with this
11 paragraph shall be reviewed every three (3) years to determine
12 whether they continue to qualify for continuing education credit.

13 5. Subject to approval by the Commissioner, the active
14 membership of the licensed producer or broker in local, regional,
15 state, or national professional insurance organizations or
16 associations may be approved for up to one (1) annual hour of
17 instruction. The hour shall be credited upon timely filing with the
18 Commissioner, or designee of the Commissioner, and appropriate
19 written evidence acceptable to the Commissioner of such active
20 membership in the organization or association.

21 6. The active service of a licensed producer as a member of a
22 continuing education advisory committee, as described in paragraph 1
23 of this subsection, shall be deemed to qualify for continuing
24 education credit on an hour-for-hour basis.

1 C. 1. Annual fees and course submission fees shall be set
2 forth as a rule by the Commissioner. The fees are payable to the
3 Insurance Commissioner. Provided, public-funded educational
4 institutions, federal agencies, nonprofit organizations, not-for-
5 profit organizations, and Oklahoma state agencies shall be exempt
6 from this subsection.

7 2. The Commissioner may assess a civil penalty, after notice
8 and opportunity for hearing, against a continuing education provider
9 who fails to comply with the requirements of the Oklahoma Producer
10 Licensing Act, of not less than One Hundred Dollars (\$100.00) nor
11 more than Five Hundred Dollars (\$500.00), for each occurrence. The
12 civil penalty may be enforced in the same manner in which civil
13 judgments may be enforced.

14 D. Failure of an insurance producer or customer service
15 representative to comply with the requirements of the Oklahoma
16 Producer Licensing Act may, after notice and opportunity for
17 hearing, result in censure, suspension, nonrenewal of license or a
18 civil penalty of up to Five Hundred Dollars (\$500.00) or by both
19 such penalty and civil penalty. Said civil penalty may be enforced
20 in the same manner in which civil judgments may be enforced.

21 E. Limited lines producers and nonresident agents who have
22 successfully completed an equivalent or greater requirement shall be
23 exempt from the provisions of this section.
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1 F. Members of the Legislature shall be exempt from this
2 section.

3 G. The Commissioner shall adopt and promulgate such rules as
4 are necessary for effective administration of this section.

5 SECTION 6. AMENDATORY 36 O.S. 2011, Section 1450, is
6 amended to read as follows:

7 Section 1450. A. No person shall act as or present himself or
8 herself to be an administrator, as defined by the provisions of the
9 Third-party Administrator Act, in this state, unless the person
10 holds a valid license as an administrator which is issued by the
11 Insurance Commissioner.

12 B. An administrator shall not be eligible for a nonresident
13 administrator license under this section if the administrator does
14 not hold a home state certificate of authority or license in a state
15 that has adopted the Third-party Administrator Act or that applies
16 substantially similar provisions as are contained in the Third-party
17 Administrator Act to that administrator. If the Third-party
18 Administrator Act in the administrator's home state does not extend
19 to stop-loss insurance, but if the home state otherwise applies
20 substantially similar provisions as are contained in the Third-party
21 Administrator Act to that administrator, then that omission shall
22 not operate to disqualify the administrator from receiving a
23 nonresident administrator license in this state.

1 1. "Home state" means the United States jurisdiction that has
2 adopted the Third-party Administrator Act or a substantially similar
3 law governing third-party administrators and which has been
4 designated by the administrator as its principal regulator. The
5 administrator may designate either its state of incorporation or its
6 principal place of business within the United States if that
7 jurisdiction has adopted the Third-party Administrator Act or a
8 substantially similar law governing third-party administrators. If
9 neither the administrator's state of incorporation nor its principal
10 place of business within the United States has adopted the Third-
11 party Administrator Act or a substantially similar law governing
12 third-party administrators, then the third-party administrator shall
13 designate a United States jurisdiction in which it does business and
14 which has adopted the Third-party Administrator Act or a
15 substantially similar law governing third-party administrators. For
16 purposes of this definition, "United States jurisdiction" means the
17 District of Columbia or a state or territory of the United States.

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

21 C. In the case of a partnership which has been licensed, each
22 general partner shall be named in the license and shall qualify
23 therefore as though an individual licensee. The Commissioner shall
24 charge a full additional license fee and a separate license shall be
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1 issued for each individual so named in such a license. The
2 partnership shall notify the Commissioner within fifteen (15) days
3 if any individual licensed on its behalf has been terminated, or is
4 no longer associated with or employed by the partnership. Any
5 entity or partnership licensed as administrators under the Third-
6 party Administrators Act shall provide National Association of
7 Insurance Commissioner Biographical Affidavits as required for
8 domestic insurers pursuant to the insurance laws of this state.

9 D. An application for an administrator's license shall be in a
10 form prescribed by the Commissioner and shall be accompanied by a
11 fee of One Hundred Dollars (\$100.00). This fee shall not be
12 refundable if the application is denied or refused for any reason by
13 either the applicant or the Commissioner.

14 E. The administrator's license shall continue in force no
15 longer than twelve (12) months from the original month of issuance.
16 Upon filing a renewal form prescribed by the Commissioner,
17 accompanied by a fee of One Hundred Dollars (\$100.00), the license
18 may be renewed annually for a one-year term. Late application for
19 renewal of a license shall require a fee of double the amount of the
20 original license fee. The administrator shall submit, together with
21 the application for renewal, a list of the names and addresses of
22 the persons with whom the administrator has contracted in accordance
23 with Section 1443 of this title. The Commissioner shall hold this
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1 information confidential except as provided in Section 1443 of this
2 title.

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

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

18 G. After notice and opportunity for hearing, and upon
19 determining that the administrator has violated any of the
20 provisions of the Oklahoma Insurance Code or upon finding reasons
21 for which the issuance or nonrenewal of such license could have been
22 denied, the Commissioner may either suspend or revoke an
23 administrator's license or assess a civil penalty of not more than
24 Five Thousand Dollars (\$5,000.00) for each occurrence. The payment

1 of the penalty may be enforced in the same manner as civil judgments
2 may be enforced.

3 H. Any person who is acting as or presenting himself or herself
4 to be an administrator without a valid license shall be subject,
5 upon conviction, to a fine of not less than One Thousand Dollars
6 (\$1,000.00) nor more than Ten Thousand Dollars (\$10,000.00) for each
7 occurrence. This fine shall be in addition to any other penalties
8 which may be imposed for violations of the Oklahoma Insurance Code
9 or other laws of this state.

10 I. Except as provided for in subsections F and G of this
11 section, any person convicted of violating any provisions of the
12 Third-party Administrator Act shall be guilty of a misdemeanor and
13 shall be subject to a fine of not more than One Thousand Dollars
14 (\$1,000.00).

15 SECTION 7. AMENDATORY 36 O.S. 2011, Section 4055.3, is
16 amended to read as follows:

17 Section 4055.3. A. 1. A person shall not operate as a
18 viatical settlement provider or viatical settlement broker without
19 first obtaining a license from the Insurance Commissioner of the
20 state of residence of the viator.

21 2. a. A life insurance producer who has been duly licensed
22 as a resident insurance producer with a life line of
23 authority in this state or his or her home state for
24 at least one (1) year and is licensed as a nonresident

1 producer in this state shall be deemed to meet the
2 licensing requirements of this section and shall be
3 permitted to operate as a viatical settlement broker.

4 b. Not later than thirty (30) days from the first day of
5 operating as a viatical settlement broker, the life
6 insurance producer shall notify the Commissioner that
7 he or she is acting as a viatical settlement broker on
8 a form prescribed by the Commissioner, and shall pay
9 any applicable fee to be determined by the
10 Commissioner. Notification shall include an
11 acknowledgement by the life insurance producer that he
12 or she will operate as a viatical settlement broker in
13 accordance with the Viatical Settlements Act of 2008.

14 c. The insurer that issued the policy being viaticated
15 shall not be responsible for any act or omission of a
16 viatical settlement broker or viatical settlement
17 provider arising out of or in connection with the
18 viatical settlement transaction, unless the insurer
19 receives compensation for the placement of a viatical
20 settlement contract from the viatical settlement
21 provider or viatical settlement broker in connection
22 with the viatical settlement contract.

23 3. A person licensed as an attorney, certified public
24 accountant or financial planner accredited by a nationally

1 recognized accreditation agency, who is retained to represent the
2 viator, whose compensation is not paid directly or indirectly by the
3 viatical settlement provider, may negotiate viatical settlement
4 contracts on behalf of the viator without having to obtain a license
5 as a viatical settlement broker.

6 B. Application for a viatical settlement provider or a viatical
7 settlement broker license shall be made to the Commissioner by the
8 applicant on a form prescribed by the Commissioner. The application
9 shall be accompanied by a fee of Five Hundred Dollars (\$500.00).

10 C. Licenses may be renewed from year to year on the anniversary
11 date upon payment of the annual renewal fees of Five Hundred Dollars
12 (\$500.00). Failure to pay the fees by the renewal date results in
13 expiration of the license.

14 D. The applicant shall provide information on forms required by
15 the Commissioner. The Commissioner shall have authority, at any
16 time, to require the applicant to fully disclose the identity of all
17 stockholders, partners, officers, members and employees, and the
18 Commissioner may, in the exercise of the Commissioner's discretion,
19 refuse to issue a license in the name of a legal entity if not
20 satisfied that any officer, employee, stockholder, partner or member
21 thereof who may materially influence the applicant's conduct meets
22 the standards of the Viatical Settlements Act of 2008.

23 E. A license issued to a legal entity authorizes all partners,
24 officers, members and designated employees to act as viatical

1 settlement providers, viatical settlement brokers as applicable,
2 under the license, and all those persons shall be named in the
3 application and any supplements to the application.

4 F. Upon the filing of an application and the payment of the
5 license fee, the Commissioner shall make an investigation of each
6 applicant and issue a license if the Commissioner finds that the
7 applicant:

8 1. If a viatical settlement provider, has provided a detailed
9 plan of operation;

10 2. Is competent and trustworthy and intends to act in good
11 faith in the capacity involved by the license applied for;

12 3. Has a good business reputation and has had experience,
13 training or education so as to be qualified in the business for
14 which the license is applied for;

15 4. a. If a viatical settlement provider, has demonstrated
16 evidence of financial responsibility in a format
17 prescribed by the Commissioner, through a surety bond
18 executed and issued by an insurer authorized to issue
19 surety bonds in this state, a policy of errors and
20 omissions insurance, or a deposit of cash,
21 certificates of deposit or securities or any
22 combination thereof in ~~an~~ the amount ~~not to exceed~~ of
23 Fifty Thousand Dollars (\$50,000.00), or
24

1 b. If a viatical settlement broker, has demonstrated
2 evidence of financial responsibility in a format
3 prescribed by the Commissioner, through a surety bond
4 executed and issued by an insurer authorized to issue
5 surety bonds in this state, a policy of errors and
6 omissions insurance, or a deposit of cash,
7 certificates of deposit or securities or any
8 combination thereof in ~~an~~ the amount ~~not to exceed of~~
9 Fifty Thousand Dollars (\$50,000.00), or

10 c. The Commissioner may ask for evidence of financial
11 responsibility at any time the Commissioner deems
12 necessary;

13 5. If a legal entity, provides a certificate of good standing
14 from the state of its domicile; and

15 6. If a viatical settlement provider or viatical settlement
16 broker, has provided an antifraud plan that meets the requirements
17 of subsection G of Section 13 of Enrolled Senate Bill No. 1980 of
18 the 2nd Session of the 51st Oklahoma Legislature.

19 G. The Commissioner shall not issue a license to a nonresident
20 applicant, unless a written designation of an agent for service of
21 process is filed and maintained with the Commissioner, or the
22 applicant has filed with the Commissioner the applicant's written
23 irrevocable consent that any action against the applicant may be
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1 commenced against the applicant by service of process on the
2 Commissioner.

3 H. A viatical settlement provider, viatical settlement broker
4 or viatical settlement investment agent shall provide to the
5 Commissioner new or revised information about officers, ten percent
6 (10%) or more stockholders, partners, directors, members or
7 designated employees within thirty (30) days of the change.

8 I. An individual licensed as a viatical settlement broker shall
9 complete on a biennial basis eight (8) hours of training related to
10 viatical settlements and viatical settlement transactions, as
11 required by the Commissioner; provided, however, that a life
12 insurance producer who is operating as a viatical settlement broker
13 pursuant to paragraph 2 of subsection A of this section shall not be
14 subject to the requirements of this subsection. Any person failing
15 to meet the requirements of this subsection shall be subject to the
16 penalties imposed by the Commissioner.

17 SECTION 8. AMENDATORY 36 O.S. 2011, Section 6203, is
18 amended to read as follows:

19 Section 6203. The definition of an insurance adjuster shall not
20 be deemed to include, and a license as an insurance adjuster shall
21 not be required of, the following:

- 22 1. A licensed agent or general agent of an insurer who
23 processes undisputed or uncontested losses for ~~said~~ the insurers
24 solely pursuant to the provisions of policies issued by the agent,

1 or his agency, if the agent or general agent receives no extra
2 compensation for such services;

3 2. A person engaged in investigating, adjusting, negotiating,
4 or processing claims arising pursuant to the provisions of life
5 insurance, annuity, or accident and health insurance contracts;

6 3. A nonresident who occasionally is in this state to adjust a
7 single loss or losses arising pursuant to the provisions of a policy
8 of marine insurance;

9 4. A salaried employee of a licensed insurer whose primary
10 duties are not adjusting, investigating, or supervising insurance
11 claims;

12 5. A licensed attorney in the State of Oklahoma who adjusts
13 insurance losses from time to time, incidental to the practice of
14 law, and who does not advertise or represent that he is an adjuster;

15 6. A person employed solely for the purpose of furnishing
16 technical assistance to a licensed adjuster, including but not
17 limited to photographers, appraisers, estimators, private
18 detectives, engineers, handwriting experts, and attorneys-at-law;

19 7. A person who performs clerical duties for a licensed insurer
20 or organization that handles claims and who does not negotiate
21 disputed or contested claims for the insurer or organization that
22 handles claims;

23 8. A nonresident insurance adjuster who is actively licensed in
24 another state and who is in this state no more than once a year for
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1 the purpose of adjusting a single loss ~~or losses arising out of an~~
2 ~~occurrence common to all such losses,~~ or who is acting as a
3 temporary substitute for a licensed adjuster; or

4 9. An individual who collects claim information from, or
5 furnishes claim information to, insured customers or claimants, and
6 who conducts data entry including entering data into an automated
7 claims adjudication system, provided that the individual is an
8 employee of a licensed independent adjuster or an affiliate where no
9 more than twenty-five persons are under the supervision of one
10 licensed independent adjuster or licensed agent. A licensed agent
11 acting as a supervisor pursuant to this paragraph is not required to
12 be licensed as an adjuster.

13 SECTION 9. AMENDATORY 36 O.S. 2011, Section 6206, as
14 amended by Section 13, Chapter 44, O.S.L. 2012 (36 O.S. Supp. 2018,
15 Section 6206), is amended to read as follows:

16 Section 6206. A. The Insurance Commissioner shall license as
17 an adjuster only an individual who has fully complied with the
18 provisions of the Insurance Adjusters Licensing Act, including the
19 furnishing of evidence satisfactory to the Commissioner that the
20 applicant:

- 21 1. Is at least eighteen (18) years of age;
- 22 2. Is a bona fide resident of this state or is a resident of a
23 state or country which permits adjusters who are residents of this
24 state to act as adjusters in such other state or country;

1 3. If a nonresident of the United States, has complied with all
2 federal laws pertaining to employment and the transaction of
3 business in the United States;

4 4. Is a trustworthy person;

5 5. Has had experience or special education or training of
6 sufficient duration and extent with reference to the handling of
7 loss claims pursuant to insurance contracts to make the applicant
8 competent to fulfill the responsibilities of an adjuster;

9 6. Has successfully passed an examination as required by the
10 Commissioner within two (2) years prior to date of application, or
11 has been exempted from examination, in accordance with the
12 provisions of Section 6208 of this title; and

13 7. If the application is for a public adjuster's license, the
14 applicant has filed the bond required by Section 6214 of this title.

15 B. Residence addresses and telephone listings, birth dates, and
16 social security numbers for insurance adjusters and public adjusters
17 on file with the Insurance Department are exempt from disclosure as
18 public records. A separate business or mailing address as provided
19 by the adjuster shall be considered a public record and upon request
20 shall be disclosed. If an adjuster's residence and business address
21 or residence and business telephone number are the same, such
22 address or telephone number shall be considered a public record.

23 C. The mailing address shall appear on all licenses of the
24 licensee, and the licensee shall promptly notify the Insurance
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1 Commissioner within thirty (30) days of any change in legal name or
2 preferred mailing address, physical business address, e-mail
3 address, or ~~residence~~ physical residential address of the licensee.

4 A change in legal name or address thirty (30) days after the change
5 must include an administrative fee of Fifty Dollars (\$50.00).

6 Failure to provide acceptable notification of a change of legal name
7 or address to the Insurance Commissioner within forty-five (45) days
8 of the date the administrative fee is assessed will result in
9 penalties pursuant to Section 6220 of this title.

10 SECTION 10. AMENDATORY 36 O.S. 2011, Section 6220, as
11 last amended by Section 10, Chapter 73, O.S.L. 2016 (36 O.S. Supp.
12 2018, Section 6220), is amended to read as follows:

13 Section 6220. A. The Commissioner may censure, suspend,
14 revoke, or refuse to issue or renew a license after hearing for any
15 of the following causes:

16 1. Material misrepresentation or fraud in obtaining an
17 adjuster's license;

18 2. Any cause for which original issuance of a license could
19 have been refused;

20 3. Misappropriation, conversion to the personal use of the
21 licensee, or illegal withholding of monies required to be held by
22 the licensee in a fiduciary capacity;

23 4. Material misrepresentation of the terms and effect of any
24 insurance contract, with intent to deceive, or engaging in, or
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1 attempting to engage in, any fraudulent transaction with respect to
2 a claim or loss that the licensee or the trainee is adjusting and,
3 in the case of a public adjuster, misrepresentation of the services
4 offered or the fees or commission to be charged;

5 5. Conviction of or pleading guilty or nolo contendere to a
6 felony pursuant to the laws of this state, any other state, the
7 United States, or any foreign country;

8 6. If in the conduct of business affairs, the licensee or
9 trainee has shown himself to be, and is so deemed by the
10 Commissioner, incompetent, untrustworthy or a source of injury to
11 the public;

12 7. Refusal to comply with any lawful order of the Commissioner;

13 8. Violation of any provision of the Insurance Adjusters
14 Licensing Act;

15 9. Adjusting losses or negotiating claim settlements arising
16 pursuant to provisions of insurance contracts on behalf of an
17 insurer or insured without proper licensing from the Commissioner
18 and authority from the licensed insurer or the insured party;

19 10. Failing to respond to any inquiry (including electronic
20 communications) from the Department within thirty (30) calendar days
21 of receipt of such inquiry;

22 11. Forging another's name to any document;

23 12. ~~Obtaining or attempting to obtain a license through~~
24 ~~misrepresentation or fraud~~ Improperly using notes or any other

1 reference material to complete an examination for an insurance
2 license;

3 13. Having admitted or been found to have committed any
4 insurance unfair trade practice or insurance fraud;

5 14. Having an insurance adjuster license or its equivalent
6 denied, suspended, censured, placed on probation or revoked in any
7 other state, province, district or territory;

8 15. Failing to inform the Department, by any means acceptable
9 to the Department, of a change of address, change of legal name or
10 change of information submitted on the application within thirty
11 (30) days of the change; or

12 16. Providing services as a public adjuster, company adjuster
13 or independent adjuster on the same claim.

14 B. In addition to or in lieu of any applicable denial,
15 suspension, or revocation of a license, any person violating the
16 provisions of the Insurance Adjusters Licensing Act may be subject
17 to a civil fine of not more than One Thousand Dollars (\$1,000.00)
18 for each violation. This fine may be enforced in the same manner in
19 which civil judgment may be enforced.

20 C. If the license of an adjuster is suspended, revoked, or not
21 renewed, the licensee shall surrender ~~said~~ the license to the
22 Commissioner.

23 D. The Commissioner shall not reinstate a license to any person
24 whose license has been suspended, revoked, or refused renewal until
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1 the Commissioner determines that the cause or causes for the
2 suspension, revocation, or nonrenewal of ~~said~~ the license no longer
3 exist.

4 E. The Department shall retain the authority to enforce the
5 provisions of and impose any penalty or remedy authorized by this
6 title against any person who is under investigation for or charged
7 with a violation even if the person's license or registration has
8 been surrendered or has lapsed by operation of law.

9 F. It shall be unlawful for any person, firm, association,
10 company or corporation to act as an adjuster without first obtaining
11 a license pursuant to the Insurance Adjusters Licensing Act. Any
12 person convicted of violating the provisions of this subsection
13 shall be guilty of a misdemeanor and shall be punished as set forth
14 in Section 10 of Title 21 of the Oklahoma Statutes.

15 SECTION 11. AMENDATORY 36 O.S. 2011, Section 6754, is
16 amended to read as follows:

17 Section 6754. A. Service contracts marketed, sold, offered for
18 sale, issued, made, proposed to be made, or administered in this
19 state shall be written, printed, or typed in clear, understandable
20 language that is easy to read, and shall disclose the requirements
21 set forth in this section, as applicable. Service contracts shall
22 be filed with, and approved by, the Insurance Commissioner.

23 B. Service contracts insured under an insurance policy pursuant
24 to paragraph 3 of subsection C of Section 4 6753 of this ~~act~~ title

1 shall contain a statement in substantially the following form:

2 "Obligations of the provider under this service contract are insured
3 under a service contract reimbursement insurance policy." The
4 service contract shall also state the name and address of the
5 insurer.

6 C. Service contracts not insured under an insurance policy
7 pursuant to paragraph 3 of subsection C of Section 4 6753 of this
8 ~~act~~ title shall contain a statement in substantially the following
9 form: "Obligations of the provider under this service contract are
10 backed by the full faith and credit of the provider."

11 D. Service contracts shall state the name and address of the
12 provider, and shall identify any administrator if different from the
13 provider, the service contract seller, and the service contract
14 holder to the extent that the name of the service contract holder
15 has been furnished by the service contract holder. The identities
16 of such parties are not required to be preprinted on the service
17 contract and may be added to the service contract at the time of
18 sale.

19 E. Service contracts shall state the total purchase price and
20 the terms under which service contract is sold. The purchase price
21 is not required to be preprinted on the service contract and may be
22 negotiated at the time of sale with the service contract holder.

23 F. Service contracts shall state the existence of any trade
24 service fee, if applicable.

1 G. Service contracts shall specify the merchandise and services
2 to be provided and any limitations, exceptions, or exclusions.

3 H. Service contracts shall state any restrictions governing the
4 transferability of the service contract, if applicable.

5 I. Service contracts shall state the terms, restrictions or
6 conditions governing cancellation of the service contract.

7 J. Service contracts shall set forth all of the obligations and
8 duties of the service contract holder, such as the duty to protect
9 against any further damage and any requirement to follow the owner's
10 manual.

11 K. Service contracts shall state whether or not the service
12 contract provides for or excludes consequential damages or
13 preexisting conditions, if applicable. Service contracts may, but
14 are not required to, cover damage resulting from rust, corrosion or
15 damage caused by a noncovered part or system.

16 L. If prior approval of repair work is required, a service
17 contract shall state the procedure for obtaining prior approval and
18 for making a claim, including a toll-free telephone number for claim
19 service and a procedure for obtaining emergency repairs performed
20 outside of normal business hours.

21 SECTION 12. This act shall become effective November 1, 2019.

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