An Act

ENROLLED SENATE
BILL NO. 553

By: Montgomery of the Senate

and

Tedford and Sneed of the House

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

SUBJECT: Third-party administrators

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

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

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

1. "Home state" means the United States jurisdiction that has adopted the Third-party Administrator Act or a substantially similar law governing third-party administrators and which has been designated by the administrator as its principal regulator. The administrator may designate either its state of incorporation or its principal place of business within the United States if that jurisdiction has adopted the Third-party Administrator Act or a substantially similar law governing third-party administrators. If neither the administrator's state of incorporation nor its principal place of business within the United States has adopted the Third-party Administrator Act or a substantially similar law governing third-party administrators, then the third-party administrator shall designate a United States jurisdiction in which it does business and which has adopted the Third-party Administrator Act or a substantially similar law governing third-party administrators. For purposes of this paragraph, "United States jurisdiction" means the District of Columbia or a state or territory of the United States.

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

C. In the case of a partnership which has been licensed, each general partner shall be licensed and shall qualify therefore as though an individual licensee. The Commissioner shall charge a full additional license fee and a separate license shall be issued for each individual so named in ~~such a~~ the license. The partnership shall notify the Commissioner within thirty (30) days if any individual licensed on its behalf has been terminated, or is no

longer associated with or employed by the partnership. Any person making application as an administrator or currently licensed as an administrator under the Third-party ~~Administrators~~ Administrator Act shall provide a National Association of Insurance ~~Commissioner~~ Commissioners (NAIC) Biographical Affidavit ~~and a comprehensive review of the background report by an independent third-party NAIC-approved vendor as required for domestic insurers pursuant to the insurance laws of this state~~.

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

E. The administrator's license shall continue in force no longer than twelve (12) months from the original month of issuance. Upon filing a renewal form prescribed by the Commissioner, accompanied by a fee of One Hundred Dollars ($100.00), the license may be renewed annually for a one-year term. ~~Late application for renewal of a license shall require a fee of double the amount of the original license fee.~~ The renewal shall be filed, and the fee shall be paid electronically in a form and manner prescribed by the Commissioner. A license that expires for failure to submit a renewal application may be reinstated within ninety (90) days after the expiration date by electronically submitting a fee in an amount of Two Hundred Dollars ($200.00) in a form and manner prescribed by the Commissioner and any other transaction or other fee deemed necessary by the Commissioner. All applications received after the license has expired for more than ninety (90) days shall include a detailed report of administrator services provided in this state during the period of expired licensure. The administrator shall submit, together with the application for renewal, a list of the names and addresses of the persons with whom the administrator has contracted in accordance with Section 1443 of this title. The Commissioner shall hold this information confidential except as provided in Section 1443 of this title.

F. 1. The administrator's license shall be issued or renewed by the Commissioner unless, after notice and opportunity for

hearing, the Commissioner determines that the administrator is not competent, trustworthy, or financially responsible, or has had any insurance license denied for cause by any state, has been convicted or has pleaded guilty or nolo contendere to any felony or to a misdemeanor involving moral turpitude or dishonesty.

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

3. Any entity making application to the ~~Oklahoma~~ Insurance Department as a third-party administrator (TPA) or within thirty (30) days of a change for a licensed TPA shall provide current National Association of Insurance Commissioners (NAIC) Biographical Affidavits ~~and independent third-party background reports from a NAIC-approved vendor~~ on behalf of all officers, directors and key managerial personnel of the TPA, and individuals with a ten percent (10%) or more beneficial ownership in the TPA and the TPA's ultimate controlling person (affiant) as required for insurers pursuant to the laws of this state.

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

H. Any person who is acting as or presenting himself or herself to be an administrator without a valid license shall be subject, upon conviction, to a fine ~~of~~ not less than One Thousand Dollars ($1,000.00) nor more than Ten Thousand Dollars ($10,000.00) for each occurrence. This fine shall be in addition to any other penalties

which may be imposed for violations of the Oklahoma Insurance Code or other laws of this state.

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

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

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

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

Passed the Senate the 21st day of March, 2023.

Presiding Officer of the Senate

Passed the House of Representatives the 24th day of April, 2023.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 25th

day of April, 20 23, at 11:11 o'clock a. M.

By: Pamela Curry

Approved by the Governor of the State of Oklahoma this 1st

day of May, 20 23, at 6:35 o'clock p. M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 1st

day of May, 20 23, at 7:15 o'clock P. M.

By: Brian Bingman