

1 ENGROSSED SENATE  
2 BILL NO. 553

By: Montgomery of the Senate

3 and

4 Sneed of the House

5  
6 An Act relating to the Third-party Administrator Act;  
7 amending 36 O.S. 2021, Section 1450, which relates to  
8 licensure; removing requirement for certain applicant  
9 to submit certain documentation; requiring certain  
10 applications and fees to be submitted and paid  
11 electronically; requiring renewal fee prior to  
12 reinstatement of certain license; providing renewal  
13 procedure for certain expired license; requiring  
14 certain report from expired licensees; conforming  
15 language; requiring certain updates to administrator  
16 information by certain date; requiring certain  
17 administrator respond to certain inquiries by certain  
18 date; updating statutory language; and providing an  
19 effective date.

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

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

23 Section 1450. A. No person shall act as or present himself or  
24 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

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

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

1 substantially similar law governing third-party administrators. For  
2 purposes of this paragraph, "United States jurisdiction" means the  
3 District of Columbia or a state or territory of the United States.

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

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

22 D. An application for an administrator's license shall be in a  
23 form prescribed by the Commissioner and shall be accompanied by a  
24 fee of One Hundred Dollars (\$100.00). The application shall be

1 filed and the fee shall be paid electronically in a form and manner  
2 prescribed by the Commissioner. This fee shall not be refundable if  
3 the application is denied or refused for any reason by either the  
4 applicant or the Commissioner.

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

1 Commissioner shall hold this information confidential except as  
2 provided in Section 1443 of this 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 3. Any entity making application to the ~~Oklahoma~~ Insurance  
19 Department as a third-party administrator (TPA) or within thirty  
20 (30) days of a change for a licensed TPA shall provide current  
21 National Association of Insurance Commissioners (NAIC) Biographical  
22 Affidavits and ~~independent third-party background reports from a~~  
23 ~~NAIC-approved vendor~~ on behalf of all officers, directors and key  
24 managerial personnel of the TPA, and individuals with a ten percent

1 (10%) or more beneficial ownership in the TPA and the TPA's ultimate  
2 controlling person (affiant) as required for insurers pursuant to  
3 the laws of this state.

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

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

20 I. Except as provided for in subsections F and G of this  
21 section, any person convicted of violating any provisions of the  
22 Third-party Administrator Act shall be guilty of a misdemeanor and  
23 shall be subject to a fine ~~of~~ not more than One Thousand Dollars  
24 (\$1,000.00).

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

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

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

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

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Presiding Officer of the Senate

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18 Passed the House of Representatives the \_\_\_ day of \_\_\_\_\_,  
19 2023.

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Presiding Officer of the House  
of Representatives

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