

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 SENATE BILL 553

By: Montgomery

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5  
6 AS INTRODUCED

7 An Act relating to the Third-party Administrator Act;  
8 amending 36 O.S. 2021, Section 1450, which relates to  
9 licensure; removing requirement for certain applicant  
10 to submit certain documentation; requiring certain  
11 applications and fees to be submitted and paid  
12 electronically; requiring renewal fee prior to  
13 reinstatement of certain license; providing renewal  
14 procedure for certain expired license; requiring  
15 certain report from expired licensees; conforming  
16 language; requiring certain updates to administrator  
17 information by certain date; requiring certain  
18 administrator respond to certain inquiries by certain  
19 date; and providing an 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  
25 Third-party Administrator Act, in this state, unless the person  
26 holds a valid license as an administrator which is issued by the  
27 Insurance Commissioner.

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

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

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

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

9 C. In the case of a partnership which has been licensed, each  
10 general partner shall be licensed and shall qualify therefore as  
11 though an individual licensee. The Commissioner shall charge a full  
12 additional license fee and a separate license shall be issued for  
13 each individual so named in ~~such a~~ the license. The partnership  
14 shall notify the Commissioner within thirty (30) days if any  
15 individual licensed on its behalf has been terminated, or is no  
16 longer associated with or employed by the partnership. ~~Any person~~  
17 ~~making application as an administrator or currently licensed as an~~  
18 ~~administrator under the Third-party Administrators Act shall provide~~  
19 ~~a National Association of Insurance Commissioner (NAIC) Biographical~~  
20 ~~Affidavit and a comprehensive review of the background report by an~~  
21 ~~independent third party NAIC-approved vendor 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). The application shall be  
2 filed and the fee shall be paid electronically in a form and manner  
3 prescribed by the Commissioner. This fee shall not be refundable if  
4 the application is denied or refused for any reason by either the  
5 applicant or the Commissioner.

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

1 contracted in accordance with Section 1443 of this title. The  
2 Commissioner shall hold this information confidential except as  
3 provided in Section 1443 of this title.

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

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

19 3. Any entity making application to the Oklahoma Insurance  
20 Department as a third-party administrator (TPA) or within thirty  
21 (30) days of a change for a licensed TPA shall provide current  
22 National Association of Insurance Commissioners (NAIC) Biographical  
23 Affidavits and ~~independent third-party background reports from a~~  
24 ~~NAIC-approved vendor~~ on behalf of all officers, directors and key

1 managerial personnel of the TPA, and individuals with a ten percent  
2 (10%) or more beneficial ownership in the TPA and the TPA's ultimate  
3 controlling person (affiant) as required for insurers pursuant to  
4 the laws of this state.

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

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

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

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

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

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

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17 59-1-401 RD 1/17/2023 5:36:18 PM  
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