

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE
4 FOR

5 HOUSE BILL NO. 1498

6 By: Chapman and Tedford

7 COMMITTEE SUBSTITUTE

8 An Act relating to insurance; amending Section 4,
9 Chapter 346, O.S.L. 2024 (36 O.S. Supp. 2024, Section
10 673), which relates to information security;
11 modifying to whom certain information shall be
12 reported; amending 36 O.S. 2021, Section 2208, which
13 relates to duties of the Insurance Commissioner;
14 modifying duties; amending 36 O.S. 2021, Section
15 6121, which relates to permits required for prepaid
16 funeral services; modifying language to clarify
17 applicability; providing definition; requiring
18 response to inquiry; requiring notifying the
19 Insurance Commissioner of changes in certain
20 information; amending 36 O.S. 2021, Section 6124,
21 which relates to the acceptance of money for prepaid
22 funeral benefits; proscribing manner in which
23 applications for permits shall be filed; providing
24 procedures for certain expired permits; permitting
the Insurance Commissioner to suspend, revoke, or
refuse to renew permits; amending 36 O.S. 2021,
Section 6124.1, as amended by Section 15, Chapter
345, O.S.L. 2024 (36 O.S. Supp. 2024, Section
6124.1), which relates to the transfer of ownership
of prepaid funeral benefits; clarifying the manner in
which certain notice shall be provided; permitting
the Insurance Commissioner to take actions pursuant
to Articles 18 and 19 of Title 36 of the Oklahoma
Statutes; amending 36 O.S. 2021, Section 6124.2,
which relates to the application for change of name
of a prepaid funeral benefit permit holder; modifying
language for clarity; requiring additional
information; prohibiting conducting unpermitted
prepaid funeral benefit business; amending 36 O.S.
2021, Section 6125.2, which relates to funding

1 prepaid funeral benefits contract by assignment of
2 life insurance proceeds; permitting assignment from
3 certain insurance policies and certain annuities;
4 amending 36 O.S. 2021, Section 6128, which relates to
5 annual report to Insurance Commissioner; clarifying
6 organization is responsible for transaction or other
7 applicable fees; amending 36 O.S. 2021, Section 6129,
8 which relates to maintenance of records; modifying
9 penalty; amending 36 O.S. 2021, Section 6130, which
10 relates to violations and penalties; permitting the
11 censure, suspension, revocation, or refusal of permit
12 after opportunity for hearing; amending 36 O.S. 2021,
13 Section 7125, which relates to permit applications
14 under the Cemetery Merchandise Trust Act; clarifying
15 manner in which applications shall be filed;
16 permitting reinstatement of certain expired permits;
17 clarifying no entitlement after revocation; requiring
18 submission of certain changes by permit holders;
19 requiring response to inquiry; amending 36 O.S. 2021,
20 Section 7127, which relates to surety bond in lieu of
21 trust requirement; modifying timeline for notice;
22 amending 36 O.S. 2021, Section 7128, which relates to
23 filing of annual report; clarifying report be filed
24 electronically; amending 36 O.S. 2021, Section 7131,
which relates to Insurance Commissioner's actions for
violations; clarifying violations; modifying minimum
penalty; amending 36 O.S. 2021, Section 7133, which
relates to failure to comply with Insurance
Commissioner examination; modifying penalties for
refusal or interference to examination; repealing 36
O.S. 2021, Sections 1106.1, 6813, 6814, and 6815; and
providing an effective date.

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

SECTION 1. AMENDATORY Section 4, Chapter 346, O.S.L.
2024 (36 O.S. Supp. 2024, Section 673), is amended to read as
follows:

1 Section 673. A. Each licensee in this state shall develop,
2 implement, and maintain a comprehensive written information security
3 program based on the risk assessment of the licensee provided for in
4 this act and that contains administrative, technical, and physical
5 safeguards for the protection of nonpublic information and the
6 information systems of the licensee. The program shall be
7 commensurate with the size and complexity of the licensee, the
8 nature and scope of the activities of the licensee, including its
9 use of third-party service providers, and the sensitivity of the
10 nonpublic information used by the licensee or in the possession,
11 custody, or control of the licensee.

12 B. An information security program of a licensee shall be
13 designed to:

14 1. Protect the security and confidentiality of nonpublic
15 information and the security of the information systems;

16 2. Protect against any threats or hazards to the security or
17 integrity of nonpublic information and the information systems;

18 3. Protect against unauthorized access to or use of nonpublic
19 information, and minimize the likelihood of harm to any consumer;

20 and

21 4. Define and periodically reevaluate a schedule for retention
22 of nonpublic information and a mechanism for its destruction when no
23 longer needed.

24 C. The licensee shall:

1 1. Designate one or more employees, an affiliate, or an outside
2 vendor designated to act on behalf of the licensee who is
3 responsible for the information security program;

4 2. Identify reasonably foreseeable internal or external threats
5 that could result in unauthorized access, transmission, disclosure,
6 misuse, alteration, or destruction of nonpublic information
7 including, but not limited to, the security of information systems
8 and nonpublic information that are accessible to, or held by, third-
9 party service providers;

10 3. Assess the likelihood and potential damage of these threats,
11 taking into consideration the sensitivity of the nonpublic
12 information;

13 4. Assess the sufficiency of policies, procedures, information
14 systems, and other safeguards in place to manage these threats,
15 including consideration of threats in each relevant area of the
16 operations of the licensee, including:

- 17 a. employee training and management,
- 18 b. information systems, including, but not limited to,
19 network and software design, as well as information
20 classification, governance, processing, storage,
21 transmission, and disposal, and
- 22 c. detecting, preventing, and responding to attacks,
23 intrusions, or other systems failures; and

24

1 5. Implement information safeguards to manage the threats
2 identified in its ongoing assessment, and no less than annually,
3 assess the effectiveness of the key controls, systems, and
4 procedures of the safeguards.

5 D. Based on the results of the risk assessment, the licensee
6 shall:

7 1. Design its information security program to mitigate the
8 identified risks, commensurate with the size and complexity of the
9 licensee, the nature and scope of the activities of the licensee
10 including its use of third-party service providers, and the
11 sensitivity of the nonpublic information used by the licensee or in
12 the possession, custody, or control of the licensee;

13 2. Determine and implement security measures deemed
14 appropriate, including:

- 15 a. place access controls on information systems including
16 controls to authenticate and permit access only to
17 authorized individuals to protect against the
18 unauthorized acquisition of nonpublic information,
- 19 b. identify and manage the data, personnel, devices,
20 systems, and facilities that enable the organization
21 to achieve business purposes in accordance with their
22 relative importance to business objectives and the
23 risk strategy of the organization,

- c. restrict physical access to nonpublic information to authorized individuals only,
- d. protect by encryption or other appropriate means, all nonpublic information while being transmitted over an external network and all nonpublic information stored on a laptop computer or other portable computing or storage device or media,
- e. adopt secure development practices for in-house developed applications utilized by the licensee,
- f. modify the information system in accordance with the information security program of the licensee,
- g. utilize effective controls, which may include multi-factor authentication procedures for any authorized individual accessing nonpublic information,
- h. regularly test and monitor systems and procedures to detect actual and attempted attacks on, or intrusions into, information systems,
- i. include audit trails within the information security program designed to detect and respond to cybersecurity events and designed to reconstruct material financial transactions sufficient to support normal operations and obligations of the licensee,
- j. implement measures to protect against destruction, loss, or damage of nonpublic information due to

1 environmental hazards such as fire and water damage or
2 other catastrophic events or technological failures,
3 and

4 k. develop, implement, and maintain procedures for the
5 secure disposal of nonpublic information in any
6 format;

7 3. Include cybersecurity risks in the enterprise risk
8 management process of the licensee;

9 4. Stay informed regarding emerging threats or vulnerabilities
10 and utilize reasonable security measures when sharing information
11 relative to the character of the sharing and the type of information
12 shared; and

13 5. Provide its personnel with cybersecurity awareness training
14 that is updated as necessary to reflect risks identified by the
15 licensee in the risk assessment.

16 E. If the licensee has a board of directors, the board or an
17 appropriate committee of the board, at a minimum, within one (1)
18 year of ~~the effective date of this act~~ July 1, 2024, shall:

19 1. Require the executive management of the licensee or its
20 delegates to develop, implement, and maintain the information
21 security program of the licensee;

22 2. Require the executive management of the licensee or its
23 delegates to report to the ~~Insurance Commissioner~~ board in writing,
24 at least annually, the following information:

- 1 a. the overall status of the information security program
2 and the compliance of the licensee with this act, and
3 b. material matters related to the information security
4 program, addressing issues such as risk assessment,
5 risk management and control decisions, third-party
6 service provider arrangements, results of testing,
7 cybersecurity events or violations and responses of
8 the management to those events or violations, and
9 recommendations for changes in the information
10 security program; and

11 3. If executive management delegates any of its
12 responsibilities, it shall oversee the development, implementation,
13 and maintenance of the information security program of the licensee
14 prepared by the delegate or delegates and shall receive a report
15 from the delegate or delegates complying with the requirements of
16 the report to the board.

17 F. A licensee shall exercise due diligence in selecting its
18 third-party service provider and shall require the provider to
19 implement appropriate administrative, technical, and physical
20 measures to protect and secure the information systems and nonpublic
21 information that are accessible to, or held by, the third-party
22 service provider.

23 G. The licensee shall monitor, evaluate, and adjust, as
24 appropriate, the information security program consistent with any

1 relevant changes in technology, the sensitivity of its nonpublic
2 information, internal or external threats to information and the
3 changing business arrangements of the licensee, such as mergers and
4 acquisitions, alliances and joint ventures, outsourcing
5 arrangements, and changes to information systems.

6 H. As part of its information security program, each licensee
7 shall establish a written incident response plan designed to
8 promptly respond to, and recover from, any cybersecurity event that
9 compromises the confidentiality, integrity, or availability of
10 nonpublic information in its possession, the information systems of
11 the licensee, or the continuing functionality of any aspect of the
12 business or operations of the licensee.

13 The incident response plan shall address the following areas:

- 14 1. The internal process for responding to a cybersecurity
15 event;
- 16 2. The goals of the incident response plan;
- 17 3. The definition of clear roles, responsibilities, and levels
18 of decision-making authority;
- 19 4. External and internal communications and information
20 sharing;
- 21 5. Identification of requirements for the remediation of any
22 identified weaknesses in information systems and associated
23 controls;

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1 6. Documentation and reporting regarding cybersecurity events
2 and related incident response activities; and

3 7. The evaluation and revision as necessary of the incident
4 response plan following a cybersecurity event.

5 I. Annually, each insurer domiciled in this state shall submit
6 to the Insurance Commissioner a written statement by April 15,
7 certifying that the insurer complies with the requirements set forth
8 in this section. Each insurer shall maintain, for examination by
9 the Insurance Department, all records, schedules, and data
10 supporting this certificate for a period of five (5) years. To the
11 extent an insurer has identified areas, systems, or processes that
12 require material improvement, updating, or redesign, the insurer
13 shall document the identification and the remedial efforts planned
14 and underway to address such areas, systems, or processes. The
15 documentation shall be available for inspection by the Commissioner
16 upon request.

17 SECTION 2. AMENDATORY 36 O.S. 2021, Section 2208, is
18 amended to read as follows:

19 Section 2208. A. The Insurance Commissioner shall annually
20 review negotiations between the trust and any entity to provide
21 administrative, claim, underwriting or claim management services or
22 excess insurance, aggregate excess insurance and reinsurance to the
23 trust.

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1 B. The Commissioner shall, at least twice yearly, review and
2 evaluate each category of operations of the trust or association as
3 follows:

4 1. Underwriting policies and activities, including all new
5 applications for coverage, as well as all decisions regarding denial
6 of new policies and surcharges on or nonrenewal of existing
7 insureds;

8 2. Summaries of all claims activities, including number of
9 claims filed, lawsuits filed, resolution of closed claims and
10 lawsuits, amounts paid in settlements, jury verdicts, defense
11 attorney fees, expert witness costs and other defense costs;

12 3. Consumer satisfaction with quality of service by the trust
13 or its agents;

14 4. Investment activities;

15 5. All filed base rates and proposed rate increases; and

16 6. All risk-management activities, including continuing
17 education and counseling of insureds.

18 ~~C. The Commissioner shall further study and analyze the cost of~~
19 ~~administration of the trust to determine how its administrative~~
20 ~~costs compare to the administrative costs of other medical~~
21 ~~professional liability trusts and insurers providing medical~~
22 ~~liability coverage. The Commissioner shall submit a report of the~~
23 ~~Commissioner's study to the Governor, the President Pro Tempore of~~
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1 ~~the Senate and the Speaker of the House of Representatives no later~~
2 ~~than February 1 of each year.~~

3 ~~D.~~ The trust shall provide the Commissioner with policy
4 changes, rate changes, rules proposed by the trust and changes to
5 the trust instrument prior to implementation of policy changes, rate
6 changes, proposed rules and changes to the trust instrument within
7 thirty (30) days of implementation of such changes.

8 SECTION 3. AMENDATORY 36 O.S. 2021, Section 6121, is
9 amended to read as follows:

10 Section 6121. A. Any ~~individual, firm, partnership,~~
11 ~~corporation, or association (hereinafter called "organization")~~
12 organization which shall offer for sale, accept money or anything of
13 value, or contract for prearranged, or prepaid funeral services, or
14 funeral service merchandise as defined in the Funeral Services
15 Licensing Act, or for any contract providing future funeral services
16 or funeral merchandise at a fixed price or at a cost plus a
17 percentage, or at retail price less a percentage discount, or
18 ~~providing~~ for any special consideration of any kind to be granted or
19 made available to the purchaser or holder of such contract, in this
20 state, under any sales contract, bond, certificate or other form of
21 written document providing for prepaid, discounted or otherwise
22 specially priced funeral or burial benefits or services or funeral
23 merchandise to be delivered at an undetermined future date dependent
24 upon the death of a contracting party or other person designated by

1 a contracting party (hereinafter called "prepaid funeral benefits")
2 shall first obtain a permit from the Insurance Commissioner
3 authorizing the transaction of this type of business ~~before entering~~
4 ~~into any such contract.~~ It shall be unlawful to ~~sell~~ offer for
5 sale, accept money or anything of value for, or contract for prepaid
6 funeral benefits ~~unless the seller holds~~ without a valid, current
7 permit ~~at the time the contract is made.~~

8 B. The Insurance Commissioner may deny the issuance of a permit
9 if the organization:

10 1. Makes a material misstatement or misrepresentation in an
11 application for a permit;

12 2. Fraudulently or deceptively obtains or attempts to obtain a
13 permit for another; or

14 3. If any of its officers, owners, partners, ~~or~~ directors, or
15 other persons responsible for the conduct of its affairs and day-to-
16 day operations are determined by the Commissioner to not be
17 competent, trustworthy, financially responsible, and of good
18 personal and business reputation and character.

19 C. The Insurance Commissioner may approve an application of an
20 organization for a permit and deny the request of the organization
21 to act as a trustor if the organization, or any of its officers,
22 owners, partners, directors, or other persons responsible for the
23 conduct of its affairs and day-to-day operations, does not satisfy
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1 all qualifications. This shall not hinder an organization from
2 entering into contracts funded by assignments of insurance.

3 D. All permits issued pursuant to the provisions of this
4 section shall be displayed in a conspicuous place at all times on
5 the premises of the organization. No organization may consent to,
6 or allow the use or display of, the permit by a person other than
7 the persons authorized to represent the organization in contracting
8 prepaid funeral benefits.

9 E. The organization shall not be entitled to enforce a contract
10 made in violation of the act, but the purchaser or the heirs of the
11 purchaser, or legal representative, shall be entitled to recover
12 triple the amounts paid to the organization with interest thereon at
13 the rate of six percent (6%) per annum under any contract made in
14 violation hereof.

15 F. For purposes of Sections 6121 through 6136.18 of this title,
16 the term "organization" shall mean a "funeral establishment", as
17 defined in the Funeral Services Licensing Act, in Section 396.2 of
18 Title 59 of the Oklahoma Statutes.

19 G. Each permit holder, upon receipt of any inquiry from the
20 Insurance Commissioner, shall, within twenty (20) days from the date
21 of receipt of the inquiry, furnish the Insurance Commissioner with
22 an adequate response to the inquiry.

23 H. Each permit holder shall electronically notify the Insurance
24 Commissioner, in the manner and form prescribed by the Insurance

1 Commissioner, along with any applicable fees, of any change in
2 address or contact information within thirty (30) days of the
3 change. Any submission of a change of legal business name, dba or
4 assumed name, address or e-mail address received more than thirty
5 (30) days after the change occurred shall be accompanied by a fee of
6 Fifty Dollars (\$50.00).

7 SECTION 4. AMENDATORY 36 O.S. 2021, Section 6124, is
8 amended to read as follows:

9 Section 6124. A. ~~Each organization desiring to accept money or~~
10 ~~anything of value for prepaid funeral benefits or an agreement to~~
11 ~~provide funeral benefits in the future at a fixed or predetermined~~
12 ~~cost, shall file an application~~ Applications for a permit shall be
13 filed electronically with the Insurance Commissioner, in the manner
14 and form prescribed by the Insurance Commissioner, and shall at the
15 time of filing an application pay one initial include a filing fee
16 of Fifty Dollars (\$50.00) along with any transaction or other
17 applicable fees. The Insurance Commissioner ~~shall~~ may issue a
18 permit upon:

19 1. The receipt of the application and payment of the filing
20 fee;

21 2. Determination that the organization is in good standing ~~as a~~
22 ~~funeral establishment~~ with the Oklahoma Funeral Board; and

23 3. Making a finding that the organization has complied with
24 this act and the rules promulgated under this act by the Insurance

1 Commissioner. All applications shall be signed by the organization
2 requesting the permit, and shall contain a statement that the
3 organization will comply with all the requirements as established by
4 this act. All permits shall expire annually on December 31 ~~of the~~
5 ~~year the permit is first issued~~, unless renewed; permits may be
6 renewed for a period not to exceed the succeeding December 31 upon
7 the payment of a renewal fee of Fifty Dollars (\$50.00). ~~Late~~
8 ~~application for renewal of a permit shall require a fee of double~~
9 ~~the renewal fee. No application for renewal of a permit shall be~~
10 ~~accepted after January 31 of each year. The Insurance Commissioner~~
11 ~~may authorize acceptance of a new permit application pursuant to~~
12 ~~this section prior to the expiration of the one year period upon~~
13 ~~good cause shown~~ A permit expired for failure to submit a renewal
14 application may be reinstated within ninety (90) days after the
15 expiration date by electronically submitting a fee in an amount that
16 is double the renewal fee and a renewal application in the form and
17 manner prescribed by the Insurance Commissioner, along with any
18 transaction or other applicable fees. A permit holder whose permit
19 has been expired for more than ninety (90) days shall reapply as if
20 they were a new applicant and pay an application fee equal to an
21 amount that is double the renewal fee in addition to any fines
22 imposed. All applications received after the permit has been
23 expired for more than ninety (90) days shall include a detailed
24 report in the form and manner prescribed by the Insurance

1 Commissioner of any prepaid funeral benefits offered or provided in
2 this state during the period of the expired permit.

3 B. The Insurance Commissioner may ~~cancel~~ suspend, revoke, or
4 refuse to renew a permit or refuse to issue a permit ~~or refuse to~~
5 ~~issue a renewal of a permit~~ for failure to comply with any provision
6 of this act, or any valid rule, which the Insurance Commissioner has
7 promulgated, after reasonable notice ~~to the organization and after~~
8 ~~hearing if the organization requests~~ and opportunity for a hearing.

9 When the Insurance Commissioner ~~cancel~~s suspends or revokes a permit
10 or refuses to issue a renewal of a permit for a violation ~~as~~
11 ~~provided by this subsection~~, the Insurance Commissioner shall notify
12 the Oklahoma Funeral Board of the action and the nature of any
13 violations.

14 C. No organization shall be entitled to a new permit for a
15 period of one (1) year after ~~cancellation~~ revocation or refusal by
16 the Insurance Commissioner to issue or renew the permit of the
17 organization, but shall thereafter be entitled to a new permit upon
18 satisfactory proof of compliance with this law after the expiration
19 of the one-year period.

20 D. Any ~~person or~~ organization aggrieved by the actions of the
21 Insurance Commissioner may appeal therefrom as provided by Article
22 II of the Administrative Procedures Act.

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1 SECTION 5. AMENDATORY 36 O.S. 2021, Section 6124.1, as
2 amended by Section 15, Chapter 345, O.S.L. 2024 (36 O.S. Supp. 2024,
3 Section 6124.1), is amended to read as follows:

4 Section 6124.1. A. No prepaid funeral benefit permit shall be
5 transferable from one organization to another except as provided in
6 this section. The selling organization shall notify the Insurance
7 Commissioner at least forty-five (45) days prior to transfer of
8 ownership. Notification shall be electronic in ~~a~~ the manner and
9 ~~form provided~~ prescribed by the Insurance Commissioner and shall
10 contain at a minimum the following information:

- 11 1. The name of the acquiring organization;
- 12 2. The date the acquiring organization will take control of the
13 ~~funeral establishment~~ selling organization;
- 14 3. A listing of all unrealized prepaid funeral benefit
15 contracts funded by insurance assignments;
- 16 4. A listing of all unrealized prepaid funeral benefit
17 contracts funded by trusts;
- 18 5. A detailed description of existing trusts to include, but
19 not be limited to, the name of the contract holder and the trust
20 value per contract; and
- 21 6. Any other information the Insurance Commissioner may
22 request.

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1 B. The Insurance Commissioner may waive or lessen the notice
2 requirement provided for in subsection A of this section upon good
3 cause shown.

4 C. The acquiring organization shall make application for a
5 permit at least thirty (30) days prior to the transfer of ownership.
6 Approval is contingent upon the acquiring organization receiving an
7 establishment license as provided for in Sections 395.1 through
8 396.33 of Title 59 of the Oklahoma Statutes. The permit application
9 shall include an assumption agreement executed by the acquiring
10 organization ~~in a form provided by the Insurance Commissioner and~~
11 the selling organization.

12 D. The acquiring organization shall be issued a prepaid funeral
13 benefit permit prior to the relinquishment of control of the trust
14 by the selling organization. The acquiring organization shall not
15 access funds held in the trust until authorization has been given by
16 the Insurance Commissioner.

17 E. Upon good cause shown, the Insurance Commissioner may deny
18 transfer of the trust from the selling organization to the acquiring
19 organization.

20 F. The Insurance Commissioner may ~~assume the role of acting~~
21 ~~trust conservator~~ take any actions pursuant to Articles 18 and 19 of
22 this title as a means of safeguarding the rights and interests of
23 the individual contract holders or purchasers, their beneficiaries,
24 successors, or personal representatives, or whenever necessary to

1 protect the public welfare. The organization may make application
2 to the Insurance Commissioner to draw down funds upon fulfillment of
3 the prepaid funeral service contract.

4 G. Whenever ~~a prepaid funeral benefit permit holder~~ an
5 organization refuses to submit the books, records, papers and
6 instruments of the prepaid funeral benefit contracts to the
7 examination and inspection of the assistants or examiners of the
8 Insurance Commissioner, or refuses or neglects to establish or
9 maintain a prepaid funeral benefit permit in accordance with the
10 requirements of the Prepaid Funeral Benefits Act within ninety (90)
11 days after a written demand to establish or maintain a prepaid
12 funeral benefit permit is made by the Insurance Commissioner, or in
13 any manner obstructs or interferes with the examination of its
14 prepaid funeral benefit contracts or refuses to be examined on oath
15 concerning any of the affairs of its prepaid funeral benefit
16 contracts, or for any other grounds listed in Article 18 or 19 of
17 this title, the Insurance Commissioner may make application for
18 receivership in the manner of a domestic insurer or take any other
19 action pursuant to Articles 18 and 19, ~~Sections 1901 through 1920~~ of
20 this title, in addition to the penalties and other enforcement
21 provisions of this act.

22 H. The Insurance Commissioner may prescribe rules concerning
23 matters incidental to this section.

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1 I. For the purposes of Sections 6121 through 6136.18 of this
2 title, "personal representative" means the person or persons
3 designated by the purchaser of the contract for prepaid funeral
4 benefits as having rights of ownership and control to the prepaid
5 funds upon death of the purchaser; the guardian, executor, or the
6 personal representative of the estate of the purchaser; or the
7 claiming successor or successors establishing lawful right to the
8 prepaid funds in accordance with Section 393 of Title 58 of the
9 Oklahoma Statutes.

10 SECTION 6. AMENDATORY 36 O.S. 2021, Section 6124.2, is
11 amended to read as follows:

12 Section 6124.2. A. No ~~prepaid funeral benefit permit holder~~
13 organization shall change the name under which ~~the permit holder~~
14 ~~operates~~ it sells prepaid funeral benefits except as provided in
15 this section. The ~~prepaid funeral benefit permit holder~~
16 organization shall obtain approval from the Insurance Commissioner
17 at least thirty (30) days prior to changing the name of the permit
18 holder. The application for change of name ~~of a prepaid funeral~~
19 ~~benefit permit holder~~ shall be in a the manner and form ~~provided~~
20 prescribed by the Insurance Commissioner and shall contain, at a
21 minimum, the following information:

22 1. The name of the organization as it currently appears on its
23 ~~permit holder~~;

24 2. The proposed new name of the ~~permit holder~~ organization; and

1 3. The proposed date the name change will become effective;

2 4. The business address of the organization; and

3 5. The organization's primary email address.

4 B. ~~The Insurance Commissioner may waive the approval~~
5 ~~requirement provided for in subsection A of this section upon good~~
6 ~~cause shown.~~

7 C. The Insurance Commissioner may deny the organization's
8 ~~change of name of the prepaid funeral benefit permit holder~~ upon
9 good cause shown.

10 ~~D.~~ C. Upon approval of a change of name, the Insurance
11 Commissioner shall issue a prepaid funeral benefit permit with the
12 new name. ~~The prepaid funeral benefit permit holder~~

13 D. Every organization shall display in a conspicuous place at
14 all times on the premises of the organization all permits issued
15 pursuant to the provisions of this ~~section~~ act. No organization may
16 consent to or allow the use or display of the permit by a person
17 other than the persons authorized to represent the organization in
18 contracting prepaid funeral benefits.

19 E. The Insurance Commissioner may ~~prescribe~~ promulgate rules
20 concerning matters incidental to this section.

21 F. Organizations shall not conduct prepaid funeral benefit
22 business under any name or at a different business address other
23 than that specified in the permit.

1 SECTION 7. AMENDATORY 36 O.S. 2021, Section 6125.2, is
2 amended to read as follows:

3 Section 6125.2. A. Contracts for prepaid funeral benefits
4 provided for pursuant to Section 6125 of this title may be funded by
5 assignments of ~~life insurance~~ proceeds from either a standard life
6 or accident insurance policy or an individual or group fixed annuity
7 to the contracting organization.

8 B. A guaranteed contract for prepaid funeral benefits provided
9 for pursuant to paragraph 1 of subsection B of Section 6125 of this
10 title which is to be funded by assignment of ~~life insurance~~ proceeds
11 from either a standard life or accident insurance policy or an
12 individual or group fixed annuity shall provide that:

13 1. The contract be funded by ~~a life~~ an insurance policy or
14 annuity issued in the face amount of the current purchase price of
15 the contract for prepaid funeral benefits;

16 2. All accrued benefits under the insurance policy or annuity
17 shall become available for disbursement to the organization upon the
18 death of the purchaser or designated beneficiary of the prepaid
19 funeral contract;

20 3. The purchaser or designated beneficiary shall be the same
21 individual ~~under the contract~~ named as the insured or designated
22 beneficiary under the ~~life~~ insurance policy or annuity; and

23 4. The disbursement of ~~life~~ insurance or annuity proceeds to
24 the organization shall constitute payment in full to the

1 organization for the ~~services and merchandise contracted for~~ prepaid
2 funeral benefits.

3 C. A nonspecified contract for prepaid funeral benefits
4 provided for pursuant to paragraph 2 of subsection B of Section 6125
5 of this title which is to be funded by assignment of ~~life insurance~~
6 proceeds from either a standard life or accident insurance policy or
7 an individual or group fixed annuity shall provide that:

8 1. The total proceeds paid to the organization under the
9 insurance policy or annuity shall not exceed the actual retail cost
10 of the funeral services and merchandise at the time of delivery;

11 2. Any funds remaining unused shall be refunded to the
12 purchaser ~~or to~~, the personal representative of the purchaser or the
13 designated beneficiary; and

14 3. After November 1, 2009, all price lists reflecting the
15 actual retail cost of funeral services and merchandise used at the
16 time of the delivery of services shall be retained for a period of
17 at least six (6) years.

18 D. A violation of this section shall constitute a misdemeanor
19 and shall be punished by a fine of not less than One Hundred Dollars
20 (\$100.00) nor more than Five Hundred Dollars (\$500.00) or by
21 imprisonment in the county jail for not less than one (1) month nor
22 more than six (6) months, or by both such fine and imprisonment.

23 SECTION 8. AMENDATORY 36 O.S. 2021, Section 6128, is
24 amended to read as follows:

1 Section 6128. Each organization shall file an annual report
2 with the Insurance Commissioner on or before March 15 of each year
3 in such form as the Insurance Commissioner may require, showing the
4 names and addresses of all persons with whom contracts for prepaid
5 funeral benefits have been made prior to December 31 of the
6 preceding year which had not been fully discharged on December 31
7 and, also showing the date of the contract, the name of the bank or
8 depository holding the trust fund and the amount of the trust fund
9 under each contract on the preceding December 31. Any organization
10 which has discontinued the sale of prepaid funeral benefits, but
11 which still has outstanding contracts, shall not be required to
12 obtain a renewal of its permit, but it shall continue to make annual
13 reports to the Insurance Commissioner until all such contracts have
14 been fully discharged. A filing fee of Fifty Dollars (\$50.00),
15 along with any transaction or other applicable fees, shall accompany
16 each report. If any officer of any organization fails or refuses to
17 file an annual report, or to cause it to be filed within thirty (30)
18 days after he or she has been notified by the Insurance Commissioner
19 that the report is due and has not been received, he or she shall be
20 guilty of a misdemeanor and shall be punished as prescribed in
21 Section 6130 of this title.

22 SECTION 9. AMENDATORY 36 O.S. 2021, Section 6129, is
23 amended to read as follows:

24

1 Section 6129. Each organization which has outstanding contracts
2 for prepaid funeral benefits shall maintain within this state such
3 records as the Insurance Commissioner may require to enable the
4 Insurance Commissioner to determine whether the organization is
5 complying with the provisions of Sections 6121 through ~~6136~~ 6136.18
6 of this title. Each organization shall provide to the Insurance
7 Commissioner an annual statement of the financial condition of funds
8 collected pursuant to contracts for prepaid funeral benefits. The
9 statement shall be due by the fifteenth day of March of each year
10 and shall reflect, at a minimum, the assets and liabilities of each
11 prepaid funeral benefits fund and the location and status of all
12 trust funds for prepaid funeral benefits as of the last day of
13 December of the preceding year. Failure to file an annual statement
14 by the date required may result in censure, or suspension or
15 revocation of ~~license~~ the permit, ~~and~~ or an administrative penalty
16 imposed by the Insurance Commissioner ~~of from One Hundred Dollars~~
17 ~~(\$100.00) to~~ not to exceed One Thousand Dollars (\$1,000.00) for each
18 occurrence, or be subject to both penalty and punishment.

19 SECTION 10. AMENDATORY 36 O.S. 2021, Section 6130, is
20 amended to read as follows:

21 Section 6130. A. Any officer, director, agent, or employee of
22 any organization subject to the terms of Sections 6121 through
23 6136.18 of this title who makes or attempts to make any contract in
24 violation of the provisions of Sections 6121 through 6136.18 of this

1 title, or who refuses to allow an inspection of the records of the
2 organization, or who violates any other provision of Sections 6121
3 through 6136.18 of this title, upon conviction, shall be guilty of a
4 felony and shall be punished by imprisonment in the custody of the
5 Department of Corrections for a term of not more than ten (10)
6 years, and a fine not exceeding Ten Thousand Dollars (\$10,000.00),
7 and ordered to pay restitution to the victim. Each violation of any
8 provision of Sections 6121 through 6136.18 of this title shall be
9 deemed a separate offense and prosecuted individually.

10 B. The violation of any provision of Sections 6121 through
11 6136.18 of this title shall constitute a cause for the Oklahoma
12 Funeral Board to revoke, or to refuse to issue or renew, any license
13 issued pursuant to the provisions of Sections 396 through 396.33 of
14 Title 59 of the Oklahoma Statutes. The violation of any provision
15 of Sections 6121 through 6136.18 of this title shall constitute a
16 cause for the Insurance Commissioner to ~~issue a notice and order to~~
17 ~~show cause why the licensee shall not be censured, have the license~~
18 ~~of the licensee suspended or revoked, be subject to, after~~
19 opportunity for hearing, censure, suspend, revoke, or refuse to
20 issue or renew a permit, issue a fine of not less than One Hundred
21 Dollars (\$100.00) and not more than One Thousand Dollars (\$1,000.00)
22 for each occurrence, or be subject to both such fine and punishment.

23 SECTION 11. AMENDATORY 36 O.S. 2021, Section 7125, is
24 amended to read as follows:

1 Section 7125. A. Each organization desiring to accept money or
2 anything of value for prepaid cemetery merchandise shall file an
3 application for a permit with the Insurance Commissioner, and shall
4 at the time of filing the application pay one initial filing fee of
5 Two Hundred Dollars (\$200.00). All applications shall be filed
6 electronically in the manner and form prescribed by the
7 Commissioner, along with any applicable transaction or other fees.
8 The Commissioner ~~shall~~ may issue a permit upon the receipt of the
9 application, the annual report in accordance with Section 7128 of
10 this title and payment of the filing ~~fee~~ fees, and upon making a
11 finding that the applicant has complied with the Cemetery
12 Merchandise Trust Act and the rules as may be established pursuant
13 to the Cemetery Merchandise Trust Act by the Commissioner. All
14 applications shall be signed by the organization requesting the
15 permit, and shall contain a statement that the applicant will comply
16 with all the requirements as established pursuant to the Cemetery
17 Merchandise Trust Act. All permits shall expire on March 15 of the
18 year following the year the permit is first issued, unless renewed.
19 Permits ~~shall~~ may be renewed for a period not to exceed the
20 succeeding March 15 upon the payment of a renewal fee of Two Hundred
21 Dollars (\$200.00). ~~Late application for renewal of a permit shall~~
22 ~~require a fee of double the renewal fee. No application for renewal~~
23 ~~of a permit shall be accepted after April 15 of each year. Late~~
24 ~~applicants shall be required to reapply as if they were a new~~

1 ~~applicant, and pay an application fee equal to an amount that is~~
2 ~~double the renewal fee in addition to any fines that may have been~~
3 ~~imposed with respect to an expired permit~~ Any permit expired for
4 failure to submit a renewal application may be reinstated within
5 ninety (90) days after the expiration date by electronically
6 submitting a fee in an amount that is double the renewal fee and a
7 renewal application in the form and manner prescribed by the
8 Insurance Commissioner, along with any transaction or other
9 applicable fees. The Insurance Commissioner shall require a permit
10 holder whose permit has been expired for more than ninety (90) days
11 to reapply as if they were a new applicant and pay an application
12 fee equal to an amount that is double the renewal fee in addition to
13 any fines imposed. All applications received after the permit has
14 been expired for more than ninety (90) days shall include a detailed
15 report of services provided in this state during the period of
16 expired permit.

17 B. The Commissioner may ~~cancel a permit or~~ suspend, revoke,
18 refuse to issue a permit, or refuse to ~~issue a renewal of~~ renew a
19 permit for failure to comply with any provisions of the Cemetery
20 Merchandise Trust Act or any rules promulgated thereto by the
21 Commissioner, after reasonable notice to the permittee and
22 opportunity for hearing before the Commissioner in accordance with
23 Article II of the Administrative Procedures Act.

24

1 C. No organization shall be entitled to a ~~new~~ permit after
2 ~~cancellation~~ revocation, or refusal by the Commissioner to renew a
3 permit, but ~~shall~~ may thereafter be issued a ~~new~~ permit upon
4 satisfactory proof of compliance with the Cemetery Merchandise Trust
5 Act and the rules promulgated thereto.

6 D. ~~Any person or~~ An organization aggrieved by the actions of
7 the Commissioner may appeal therefrom to the Oklahoma Insurance
8 Department as provided by the Administrative Procedures Act.

9 E. Each permit holder shall electronically submit, in a form
10 and manner prescribed by the Insurance Commissioner, along with any
11 applicable fees, any change of legal business name, dba or assumed
12 name, address, or e-mail address within thirty (30) days after the
13 change occurred. Any submission of a change of legal business name,
14 dba or assumed name, address, or contact e-mail address received
15 more than thirty (30) days after the change occurred shall be
16 accompanied by a fee of Fifty Dollars (\$50.00).

17 F. Every permit holder, upon receipt of any inquiry from the
18 Insurance Commissioner, shall, within twenty (20) days from the date
19 of receipt of the inquiry, furnish the Insurance Commissioner with
20 an adequate response to the inquiry.

21 SECTION 12. AMENDATORY 36 O.S. 2021, Section 7127, is
22 amended to read as follows:
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1 Section 7127. A. As an alternative to the trust requirements
2 of Section 7126 of this title, an organization may purchase a surety
3 bond in an amount not less than the minimum funding requirement.

4 B. The surety bond shall be made payable to the State of
5 Oklahoma for the benefit of the Insurance Commissioner and all
6 purchasers of prepaid cemetery merchandise. The bond shall be
7 approved by the Commissioner.

8 C. The Commissioner may establish by rule the requirements and
9 guidelines for the surety bonds required pursuant to this section.

10 D. A surety bond maintained under the provisions of this
11 section or Section 7124 of this title may be cancelled or terminated
12 by the surety only by providing notice to the Commissioner, no later
13 than ~~ninety (90)~~ thirty (30) days before the effective date of the
14 cancellation or termination. Notwithstanding the cancellation,
15 termination, or expiration of a bond maintained under this section
16 or Section 7124 of this title, the surety shall remain liable for
17 obligations arising during the term of the bond and prior to the
18 termination, cancellation or expiration.

19 SECTION 13. AMENDATORY 36 O.S. 2021, Section 7128, is
20 amended to read as follows:

21 Section 7128. Each organization shall electronically file an
22 annual report with the Insurance Commissioner on or before March 15
23 of each year in ~~a~~ the manner and form as the Commissioner may
24 require, showing the name of the financial institution holding the

1 cemetery merchandise trust fund and the amount of the trust fund
2 under each contract on the preceding December 31, and also showing
3 the method of determination of the wholesale costs made pursuant to
4 Section 7126 of this title. The total required deposits to the
5 cemetery merchandise trust fund during the year shall also be
6 reported. Each cemetery is responsible for maintaining satisfactory
7 books and records, which will adequately justify all information
8 contained in the annual report required by this section. Any
9 organization which has discontinued the sale of prepaid cemetery
10 merchandise, but which still has funds deposited in a cemetery
11 merchandise trust fund or surety, shall not be required to obtain a
12 renewal of its permit, but it shall continue to make annual reports
13 to the Commissioner until all the funds have been disbursed pursuant
14 to the Cemetery Merchandise Trust Act. A filing fee of Two Hundred
15 Dollars (\$200.00), along with any applicable transaction or other
16 fees, shall accompany each report. If any officer of any
17 organization fails or refuses to file an annual report, or fails or
18 refuses to cause it to be filed within thirty (30) days after the
19 organization has been notified by the Commissioner that the report
20 is due and has not been received, the officer shall be guilty of a
21 misdemeanor and shall be punished as prescribed in Section 7134 of
22 this title.

23 SECTION 14. AMENDATORY 36 O.S. 2021, Section 7131, is
24 amended to read as follows:

1 Section 7131. A. The Insurance Commissioner, may, after notice
2 and an opportunity for hearing, initiate an action to recover
3 payments required to be redeposited to the cemetery merchandise
4 trust pursuant to the Cemetery Merchandise Trust Act or to recover
5 other monies received or disbursed in violation of the Cemetery
6 Merchandise Trust Act.

7 B. The Commissioner may, after an opportunity for hearing,
8 censure a permittee or may suspend or revoke a permit for violation
9 of any provision of the Cemetery Merchandise Trust Act or the rules
10 promulgated thereto. In addition to, or in lieu of, any censure,
11 suspension or revocation, a permittee may be subject to a civil
12 penalty of not ~~less than One Hundred Dollars (\$100.00)~~ nor more than
13 One Thousand Dollars (\$1,000.00) per occurrence or violation.

14 SECTION 15. AMENDATORY 36 O.S. 2021, Section 7133, is
15 amended to read as follows:

16 Section 7133. Whenever any officer of any organization refuses
17 to submit the books, records, papers and instruments of an
18 organization to the examination and inspection of the assistants or
19 examiners of the Insurance Commissioner, or refuses or neglects to
20 establish or maintain a cemetery merchandise trust fund in
21 accordance with the requirements of the Cemetery Merchandise Trust
22 Act within ninety (90) days after a written demand to establish or
23 maintain a cemetery merchandise trust fund is made by the
24 Commissioner, or in any manner obstructs or interferes with the

1 examination of its cemetery merchandise trust fund, or refuses to be
2 examined on oath concerning any of the affairs of its cemetery
3 merchandise trust fund, the Commissioner may make application for
4 receivership in the manner of a domestic insurer pursuant to
5 Sections 1901 through 1920 of ~~Title 36~~ this title of the Oklahoma
6 Statutes, in addition to the penalties and other enforcement
7 provisions of the Cemetery Merchandise Trust Act.

8 SECTION 16. REPEALER 36 O.S. 2021, Sections 1106.1,
9 6813, 6814, and 6815 are hereby repealed.

10 SECTION 17. This act shall become effective November 1, 2025.

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