

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 60th Legislature (2025)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1498

By: Chapman and Tedford of the
House

and

Reinhardt of the Senate

7
8
9
10 COMMITTEE SUBSTITUTE

11 An Act relating to insurance; amending Section 4,
12 Chapter 346, O.S.L. 2024 (36 O.S. Supp. 2024, Section
13 673), which relates to information security;
14 modifying to whom certain information shall be
15 reported; amending 36 O.S. 2021, Section 2208, which
16 relates to duties of the Insurance Commissioner;
17 modifying duties; amending 36 O.S. 2021, Section
18 6121, which relates to permits required for prepaid
19 funeral services; modifying language to clarify
20 applicability; providing definition; requiring
21 response to inquiry; requiring notifying the
22 Insurance Commissioner of changes in certain
23 information; amending 36 O.S. 2021, Section 6124,
24 which relates to the acceptance of money for prepaid
funeral benefits; proscribing manner in which
applications for permits shall be filed; providing
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,

1 which relates to the application for change of name
2 of a prepaid funeral benefit permit holder; modifying
3 language for clarity; requiring additional
4 information; prohibiting conducting unpermitted
5 prepaid funeral benefit business; amending 36 O.S.
6 2021, Section 6125.2, which relates to funding
7 prepaid funeral benefits contract by assignment of
8 life insurance proceeds; permitting assignment from
9 certain insurance policies and certain annuities;
10 amending 36 O.S. 2021, Section 6128, which relates to
11 annual report to Insurance Commissioner; clarifying
12 organization is responsible for transaction or other
13 applicable fees; amending 36 O.S. 2021, Section 6129,
14 which relates to maintenance of records; modifying
15 penalty; amending 36 O.S. 2021, Section 6130, which
16 relates to violations and penalties; permitting the
17 censure, suspension, revocation, or refusal of permit
18 after opportunity for hearing; amending 36 O.S. 2021,
19 Section 7125, which relates to permit applications
20 under the Cemetery Merchandise Trust Act; clarifying
21 manner in which applications shall be filed;
22 permitting reinstatement of certain expired permits;
23 clarifying no entitlement after revocation; requiring
24 submission of certain changes by permit holders;
requiring response to inquiry; amending 36 O.S. 2021,
Section 7127, which relates to surety bond in lieu of
trust requirement; modifying timeline for notice;
amending 36 O.S. 2021, Section 7128, which relates to
filing of annual report; clarifying report be filed
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:

1 SECTION 1. AMENDATORY Section 4, Chapter 346, O.S.L.
2 2024 (36 O.S. Supp. 2024, Section 673), is amended to read as
3 follows:

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

15 B. An information security program of a licensee shall be
16 designed to:

- 17 1. Protect the security and confidentiality of nonpublic
18 information and the security of the information systems;
- 19 2. Protect against any threats or hazards to the security or
20 integrity of nonpublic information and the information systems;
- 21 3. Protect against unauthorized access to or use of nonpublic
22 information, and minimize the likelihood of harm to any consumer;
- 23 and

24

1 4. Define and periodically reevaluate a schedule for retention
2 of nonpublic information and a mechanism for its destruction when no
3 longer needed.

4 C. The licensee shall:

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

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

14 3. Assess the likelihood and potential damage of these threats,
15 taking into consideration the sensitivity of the nonpublic
16 information;

17 4. Assess the sufficiency of policies, procedures, information
18 systems, and other safeguards in place to manage these threats,
19 including consideration of threats in each relevant area of the
20 operations of the licensee, including:

21 a. employee training and management,

22 b. information systems, including, but not limited to,
23 network and software design, as well as information
24

1 classification, governance, processing, storage,
2 transmission, and disposal, and

3 c. detecting, preventing, and responding to attacks,
4 intrusions, or other systems failures; and

5 5. Implement information safeguards to manage the threats
6 identified in its ongoing assessment, and no less than annually,
7 assess the effectiveness of the key controls, systems, and
8 procedures of the safeguards.

9 D. Based on the results of the risk assessment, the licensee
10 shall:

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

17 2. Determine and implement security measures deemed
18 appropriate, including:

- 19 a. place access controls on information systems including
20 controls to authenticate and permit access only to
21 authorized individuals to protect against the
22 unauthorized acquisition of nonpublic information,
- 23 b. identify and manage the data, personnel, devices,
24 systems, and facilities that enable the organization

1 to achieve business purposes in accordance with their
2 relative importance to business objectives and the
3 risk strategy of the organization,

4 c. restrict physical access to nonpublic information to
5 authorized individuals only,

6 d. protect by encryption or other appropriate means, all
7 nonpublic information while being transmitted over an
8 external network and all nonpublic information stored
9 on a laptop computer or other portable computing or
10 storage device or media,

11 e. adopt secure development practices for in-house
12 developed applications utilized by the licensee,

13 f. modify the information system in accordance with the
14 information security program of the licensee,

15 g. utilize effective controls, which may include multi-
16 factor authentication procedures for any authorized
17 individual accessing nonpublic information,

18 h. regularly test and monitor systems and procedures to
19 detect actual and attempted attacks on, or intrusions
20 into, information systems,

21 i. include audit trails within the information security
22 program designed to detect and respond to
23 cybersecurity events and designed to reconstruct
24

- 1 material financial transactions sufficient to support
2 normal operations and obligations of the licensee,
3 j. implement measures to protect against destruction,
4 loss, or damage of nonpublic information due to
5 environmental hazards such as fire and water damage or
6 other catastrophic events or technological failures,
7 and
8 k. develop, implement, and maintain procedures for the
9 secure disposal of nonpublic information in any
10 format;

11 3. Include cybersecurity risks in the enterprise risk
12 management process of the licensee;

13 4. Stay informed regarding emerging threats or vulnerabilities
14 and utilize reasonable security measures when sharing information
15 relative to the character of the sharing and the type of information
16 shared; and

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

20 E. If the licensee has a board of directors, the board or an
21 appropriate committee of the board, at a minimum, within one (1)
22 year of ~~the effective date of this act~~ July 1, 2024, shall:
23
24

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

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

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

17 3. If executive management delegates any of its
18 responsibilities, it shall oversee the development, implementation,
19 and maintenance of the information security program of the licensee
20 prepared by the delegate or delegates and shall receive a report
21 from the delegate or delegates complying with the requirements of
22 the report to the board.

23 F. A licensee shall exercise due diligence in selecting its
24 third-party service provider and shall require the provider to

1 implement appropriate administrative, technical, and physical
2 measures to protect and secure the information systems and nonpublic
3 information that are accessible to, or held by, the third-party
4 service provider.

5 G. The licensee shall monitor, evaluate, and adjust, as
6 appropriate, the information security program consistent with any
7 relevant changes in technology, the sensitivity of its nonpublic
8 information, internal or external threats to information and the
9 changing business arrangements of the licensee, such as mergers and
10 acquisitions, alliances and joint ventures, outsourcing
11 arrangements, and changes to information systems.

12 H. As part of its information security program, each licensee
13 shall establish a written incident response plan designed to
14 promptly respond to, and recover from, any cybersecurity event that
15 compromises the confidentiality, integrity, or availability of
16 nonpublic information in its possession, the information systems of
17 the licensee, or the continuing functionality of any aspect of the
18 business or operations of the licensee.

19 The incident response plan shall address the following areas:

- 20 1. The internal process for responding to a cybersecurity
21 event;
- 22 2. The goals of the incident response plan;
- 23 3. The definition of clear roles, responsibilities, and levels
24 of decision-making authority;

1 4. External and internal communications and information
2 sharing;

3 5. Identification of requirements for the remediation of any
4 identified weaknesses in information systems and associated
5 controls;

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

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

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

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

24

1 Section 2208. A. The Insurance Commissioner shall annually
2 review negotiations between the trust and any entity to provide
3 administrative, claim, underwriting or claim management services or
4 excess insurance, aggregate excess insurance and reinsurance to the
5 trust.

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

9 1. Underwriting policies and activities, including all new
10 applications for coverage, as well as all decisions regarding denial
11 of new policies and surcharges on or nonrenewal of existing
12 insureds;

13 2. Summaries of all claims activities, including number of
14 claims filed, lawsuits filed, resolution of closed claims and
15 lawsuits, amounts paid in settlements, jury verdicts, defense
16 attorney fees, expert witness costs and other defense costs;

17 3. Consumer satisfaction with quality of service by the trust
18 or its agents;

19 4. Investment activities;

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

21 6. All risk-management activities, including continuing
22 education and counseling of insureds.

23 ~~C. The Commissioner shall further study and analyze the cost of~~
24 ~~administration of the trust to determine how its administrative~~

1 ~~costs compare to the administrative costs of other medical~~
2 ~~professional liability trusts and insurers providing medical~~
3 ~~liability coverage. The Commissioner shall submit a report of the~~
4 ~~Commissioner's study to the Governor, the President Pro Tempore of~~
5 ~~the Senate and the Speaker of the House of Representatives no later~~
6 ~~than February 1 of each year.~~

7 D. The trust shall provide the Commissioner with policy
8 changes, rate changes, rules proposed by the trust and changes to
9 the trust instrument prior to implementation of policy changes, rate
10 changes, proposed rules and changes to the trust instrument within
11 thirty (30) days of implementation of such changes.

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

14 Section 6121. A. Any ~~individual, firm, partnership,~~
15 ~~corporation, or association (hereinafter called "organization")~~
16 organization which shall offer for sale, accept money or anything of
17 value, or contract for prearranged, or prepaid funeral services, or
18 funeral service merchandise as defined in the Funeral Services
19 Licensing Act, or for any contract providing future funeral services
20 or funeral merchandise at a fixed price or at a cost plus a
21 percentage, or at retail price less a percentage discount, or
22 ~~providing~~ for any special consideration of any kind to be granted or
23 made available to the purchaser or holder of such contract, in this
24 state, under any sales contract, bond, certificate or other form of

1 written document providing for prepaid, discounted or otherwise
2 specially priced funeral or burial benefits or services or funeral
3 merchandise to be delivered at an undetermined future date dependent
4 upon the death of a contracting party or other person designated by
5 a contracting party (hereinafter called "prepaid funeral benefits")
6 shall first obtain a permit from the Insurance Commissioner
7 authorizing the transaction of this type of business ~~before entering~~
8 ~~into any such contract.~~ It shall be unlawful to ~~sell~~ offer for
9 sale, accept money or anything of value for, or contract for prepaid
10 funeral benefits ~~unless the seller holds~~ without a valid, current
11 permit ~~at the time the contract is made.~~

12 B. The Insurance Commissioner may deny the issuance of a permit
13 if the organization:

14 1. Makes a material misstatement or misrepresentation in an
15 application for a permit;

16 2. Fraudulently or deceptively obtains or attempts to obtain a
17 permit for another; or

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

23 C. The Insurance Commissioner may approve an application of an
24 organization for a permit and deny the request of the organization

1 to act as a trustor if the organization, or any of its officers,
2 owners, partners, directors, or other persons responsible for the
3 conduct of its affairs and day-to-day operations, does not satisfy
4 all qualifications. This shall not hinder an organization from
5 entering into contracts funded by assignments of insurance.

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

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

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

22 G. Each permit holder, upon receipt of any inquiry from the
23 Insurance Commissioner, shall, within twenty (20) days from the date
24

1 of receipt of the inquiry, furnish the Insurance Commissioner with
2 an adequate response to the inquiry.

3 H. Each permit holder shall electronically notify the Insurance
4 Commissioner, in the manner and form prescribed by the Insurance
5 Commissioner, along with any applicable fees, of any change in
6 address or contact information within thirty (30) days of the
7 change. Any submission of a change of legal business name, dba or
8 assumed name, address or e-mail address received more than thirty
9 (30) days after the change occurred shall be accompanied by a fee of
10 Fifty Dollars (\$50.00).

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

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

23 1. The receipt of the application and payment of the filing
24 fee;

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

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

1 amount that is double the renewal fee in addition to any fines
2 imposed. All applications received after the permit has been
3 expired for more than ninety (90) days shall include a detailed
4 report in the form and manner prescribed by the Insurance
5 Commissioner of any prepaid funeral benefits offered or provided in
6 this state during the period of the expired permit.

7 B. The Insurance Commissioner may ~~cancel~~ suspend, revoke, or
8 refuse to renew a permit or refuse to issue a permit ~~or refuse to~~
9 ~~issue a renewal of a permit~~ for failure to comply with any provision
10 of this act, or any valid rule, which the Insurance Commissioner has
11 promulgated, after reasonable notice ~~to the organization and after~~
12 ~~hearing if the organization requests~~ and opportunity for a hearing.
13 When the Insurance Commissioner ~~cancels~~ suspends or revokes a permit
14 or refuses to issue a renewal of a permit for a violation ~~as~~
15 ~~provided by this subsection~~, the Insurance Commissioner shall notify
16 the Oklahoma Funeral Board of the action and the nature of any
17 violations.

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

24

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

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

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

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

24

1 6. Any other information the Insurance Commissioner may
2 request.

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

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

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

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

22 F. The Insurance Commissioner may ~~assume the role of acting~~
23 ~~trust conservator~~ take any actions pursuant to Articles 18 and 19 of
24 this title as a means of safeguarding the rights and interests of

1 the individual contract holders or purchasers, their beneficiaries,
2 successors, or personal representatives, or whenever necessary to
3 protect the public welfare. The organization may make application
4 to the Insurance Commissioner to draw down funds upon fulfillment of
5 the prepaid funeral service contract.

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

24

1 H. The Insurance Commissioner may prescribe rules concerning
2 matters incidental to this section.

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

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

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

24

- 1 1. The name of the organization as it currently appears on its
2 permit holder;
- 3 2. The proposed new name of the ~~permit holder~~ organization; ~~and~~
4 3. The proposed date the name change will become effective;
5 4. The business address of the organization; and
6 5. The organization's primary email address.

7 B. ~~The Insurance Commissioner may waive the approval~~
8 ~~requirement provided for in subsection A of this section upon good~~
9 ~~cause shown.~~

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

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

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

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

24

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

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

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

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

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

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

23
24

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

4 4. The disbursement of ~~life~~ insurance or annuity proceeds to
5 the organization shall constitute payment in full to the
6 organization for the ~~services and merchandise contracted for~~ prepaid
7 funeral benefits.

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

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

16 2. Any funds remaining unused shall be refunded to the
17 purchaser ~~or to,~~ the personal representative of the purchaser or the
18 designated beneficiary; and

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

23 D. A violation of this section shall constitute a misdemeanor
24 and shall be punished by a fine of not less than One Hundred Dollars

1 (\$100.00) nor more than Five Hundred Dollars (\$500.00) or by
2 imprisonment in the county jail for not less than one (1) month nor
3 more than six (6) months, or by both such fine and imprisonment.

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

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

1 guilty of a misdemeanor and shall be punished as prescribed in
2 Section 6130 of this title.

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

5 Section 6129. Each organization which has outstanding contracts
6 for prepaid funeral benefits shall maintain within this state such
7 records as the Insurance Commissioner may require to enable the
8 Insurance Commissioner to determine whether the organization is
9 complying with the provisions of Sections 6121 through ~~6136~~ 6136.18
10 of this title. Each organization shall provide to the Insurance
11 Commissioner an annual statement of the financial condition of funds
12 collected pursuant to contracts for prepaid funeral benefits. The
13 statement shall be due by the fifteenth day of March of each year
14 and shall reflect, at a minimum, the assets and liabilities of each
15 prepaid funeral benefits fund and the location and status of all
16 trust funds for prepaid funeral benefits as of the last day of
17 December of the preceding year. Failure to file an annual statement
18 by the date required may result in censure, or suspension or
19 revocation of ~~license~~ the permit, ~~and~~ or an administrative penalty
20 imposed by the Insurance Commissioner ~~of from One Hundred Dollars~~
21 ~~(\$100.00) to~~ not to exceed One Thousand Dollars (\$1,000.00) for each
22 occurrence, or be subject to both penalty and punishment.

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

1 Section 6130. A. Any officer, director, agent, or employee of
2 any organization subject to the terms of Sections 6121 through
3 6136.18 of this title who makes or attempts to make any contract in
4 violation of the provisions of Sections 6121 through 6136.18 of this
5 title, or who refuses to allow an inspection of the records of the
6 organization, or who violates any other provision of Sections 6121
7 through 6136.18 of this title, upon conviction, shall be guilty of a
8 felony and shall be punished by imprisonment in the custody of the
9 Department of Corrections for a term of not more than ten (10)
10 years, and a fine not exceeding Ten Thousand Dollars (\$10,000.00),
11 and ordered to pay restitution to the victim. Each violation of any
12 provision of Sections 6121 through 6136.18 of this title shall be
13 deemed a separate offense and prosecuted individually.

14 B. The violation of any provision of Sections 6121 through
15 6136.18 of this title shall constitute a cause for the Oklahoma
16 Funeral Board to revoke, or to refuse to issue or renew, any license
17 issued pursuant to the provisions of Sections 396 through 396.33 of
18 Title 59 of the Oklahoma Statutes. The violation of any provision
19 of Sections 6121 through 6136.18 of this title shall constitute a
20 cause for the Insurance Commissioner to ~~issue a notice and order to~~
21 ~~show cause why the licensee shall not be censured, have the license~~
22 ~~of the licensee suspended or revoked, be subject to, after~~
23 opportunity for hearing, censure, suspend, revoke, or refuse to
24 issue or renew a permit, issue a fine of not less than One Hundred

1 ~~Dollars (\$100.00) and~~ not more than One Thousand Dollars (\$1,000.00)
2 for each occurrence, or be subject to both such fine and punishment.

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

5 Section 7125. A. Each organization desiring to accept money or
6 anything of value for prepaid cemetery merchandise shall file an
7 application for a permit with the Insurance Commissioner, and shall
8 at the time of filing the application pay one initial filing fee of
9 Two Hundred Dollars (\$200.00). All applications shall be filed
10 electronically in the manner and form prescribed by the
11 Commissioner, along with any applicable transaction or other fees.
12 The Commissioner ~~shall~~ may issue a permit upon the receipt of the
13 application, the annual report in accordance with Section 7128 of
14 this title and payment of the filing ~~fee~~ fees, and upon making a
15 finding that the applicant has complied with the Cemetery
16 Merchandise Trust Act and the rules as may be established pursuant
17 to the Cemetery Merchandise Trust Act by the Commissioner. All
18 applications shall be signed by the organization requesting the
19 permit, and shall contain a statement that the applicant will comply
20 with all the requirements as established pursuant to the Cemetery
21 Merchandise Trust Act. All permits shall expire on March 15 of the
22 year following the year the permit is first issued, unless renewed.
23 Permits ~~shall~~ may be renewed for a period not to exceed the
24 succeeding March 15 upon the payment of a renewal fee of Two Hundred

1 Dollars (\$200.00). ~~Late application for renewal of a permit shall~~
2 ~~require a fee of double the renewal fee. No application for renewal~~
3 ~~of a permit shall be accepted after April 15 of each year. Late~~
4 ~~applicants shall be required to reapply as if they were a new~~
5 ~~applicant, and pay an application fee equal to an amount that is~~
6 ~~double the renewal fee in addition to any fines that may have been~~
7 ~~imposed with respect to an expired permit~~ Any permit expired for
8 failure to submit a renewal application may be reinstated within
9 ninety (90) days after the expiration date by electronically
10 submitting a fee in an amount that is double the renewal fee and a
11 renewal application in the form and manner prescribed by the
12 Insurance Commissioner, along with any transaction or other
13 applicable fees. The Insurance Commissioner shall require a permit
14 holder whose permit has been expired for more than ninety (90) days
15 to reapply as if they were a new applicant and pay an application
16 fee equal to an amount that is double the renewal fee in addition to
17 any fines imposed. All applications received after the permit has
18 been expired for more than ninety (90) days shall include a detailed
19 report of services provided in this state during the period of
20 expired permit.

21 B. The Commissioner may ~~cancel a permit or~~ suspend, revoke,
22 refuse to issue a permit, or refuse to ~~issue a renewal of~~ renew a
23 permit for failure to comply with any provisions of the Cemetery
24 Merchandise Trust Act or any rules promulgated thereto by the

1 Commissioner, after reasonable notice to the permittee and
2 opportunity for hearing before the Commissioner in accordance with
3 Article II of the Administrative Procedures Act.

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

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

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

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

24

1 SECTION 12. AMENDATORY 36 O.S. 2021, Section 7127, is
2 amended to read as follows:

3 Section 7127. A. As an alternative to the trust requirements
4 of Section 7126 of this title, an organization may purchase a surety
5 bond in an amount not less than the minimum funding requirement.

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

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

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

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

23 Section 7128. Each organization shall electronically file an
24 annual report with the Insurance Commissioner on or before March 15

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

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

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

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

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

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

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

10 SECTION 16. REPEALER 36 O.S. 2021, Sections 1106.1,
11 6813, 6814, and 6815 are hereby repealed.

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

13

14 COMMITTEE REPORT BY: COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT
15 OVERSIGHT, dated 03/03/2025 - DO PASS, As Amended and Coauthored.

16

17

18

19

20

21

22

23

24