



OKLAHOMA INSURANCE DEPARTMENT
STATE OF OKLAHOMA

BULLETIN NO. PC 2006-06

**TO: ALL PROPERTY & CASUALTY INSURERS LICENSED
ALL RATING AND ADVISORY ORGANIZATIONS
Attention: State Filing Division**

**RE: SB 461 – STATUTORY CHANGES TO TITLE 47, SECTION 1111 –
SUGGESTION FOR INSURERS**

FROM: OKLAHOMA INSURANCE DEPARTMENT

DATE: April 24, 2006

PURPOSE OF THIS BULLETIN

Senate Bill 461 contained a statutory change to Title 47, Section 1111. This new legislation became effective on November 1, 2005. Paragraph L of Section 1111, with the new material underlined and italicized, is as follows:

L. Any insurance company that pays a claim for a loss where the cost of repairing the vehicle for safe operation on the highway exceeds sixty percent (60%) of the market value of the vehicle or pays a claim for a flood-damaged vehicle as defined in Section 1105 of this title shall notify, in writing, the holder of the certificate of title of the requirements of this section and shall notify the Tax Commission of the payment of such claim. *The notice shall include the estimated total damage percentage determination of the actual cash value made by the insurance company to repair the vehicle for safe operation on the highway.* The insurance company shall also send a copy of the notification to the holder of the title. The Tax Commission shall provide notice to the owner of the vehicle in writing requiring the owner to surrender the title along with the fee to the Tax Commission or one of its motor license agents within thirty (30) days from the receipt of notice for the issuance of the appropriate title based on the amount of loss. The Tax Commission shall reissue the appropriate title with the words "Flood Damaged" on the face of the title in the case of a flood-damaged vehicle; provided, no insurance company shall pay a claim for less than the amount to which the holder of the certificate of title is rightfully entitled in order to avoid compliance with this section.

The statute requires the Oklahoma Tax Commission to notify the owner of the vehicle of the obligation to obtain the proper Oklahoma title following the loss. With the addition of the new statutory language, the Oklahoma Tax Commission must now interpret and apply the damage determination made by the insurer to notify the vehicle owner of the proper title to seek (salvage, flood damaged, etc.). A lack of standardization and the use of different terminology by insurers makes this a time consuming task for the Tax Commission.

SUGGESTED LANGUAGE FOR INSURERS

To alleviate the problem, the Oklahoma Insurance Department suggests the following language for vehicle loss notification letters:

Non-Flood Related Damage

We have determined the referenced vehicle has sustained damage to the extent that the cost of repairing it for safe operation on the highway equals _____% of its actual cash value.

Flood Related Damage

The referenced vehicle has sustained flood related damage to the extent that the cost of repairing it for safe operation on the highway equals _____ % of its actual cash value.

CONCLUSION

Making the vehicle title process faster and more efficient for the Oklahoma Tax Commission benefits vehicle owners and taxpayers in the State of Oklahoma. Insurers also have the benefit of standardized language to meet their statutory obligation.

QUESTIONS

Questions applicable to this bulletin should be submitted in written form to Robert Noll at robertnoll@insurance.state.ok.us of the Legal Division, or Oklahoma Insurance Department, P. O. Box 53408, Oklahoma City, OK 73152-3408 or the Oklahoma Tax Commission, 2501 N. Lincoln, Oklahoma City, OK 73194, 405-521-3160.

The Oklahoma Insurance Department encourages readers of this bulletin to periodically check the Department's web site <http://www.oid.state.ok.us/> for news and updates to Bulletins and other relevant material.