

CLP POLICY REQUIREMENTS

Title 15 O.S. § 141.6(B) states that an association may purchase an insurance policy which demonstrates that 100% of its claim exposure is covered by the policy and that the policy meets the requirements contained in § 141.6. The insurer must be licensed, registered or otherwise authorized to do business in this state, is rated B+ or better, and the insurance policy contains the following three provisions:

1. "In the event that the service warranty association is unable to fulfill its obligation under contracts issued in this state for any reason, including insolvency, bankruptcy, or dissolution, the insurer will pay losses and unearned provider fees under such plans directly to the person making a claim under the contract".
15 O.S. § 141.6(B)(1)
2. "The insurer issuing the insurance policy shall assume full responsibility for the administration of claims in the event of the inability of the association to do".
15 O.S. § 141.6(B)(2).
3. "This policy may not be cancelled or not renewed by either the insurer or the association unless sixty (60) days written notice thereof has been given to the Commissioner by the insurer before the date of such cancellation or nonrenewal".
15 O.S. § 141.6(B)(3).

Title 15 O.S. § 141.6(C) requires that the insurer providing the insurance policy used to satisfy the financial responsibility requirements for § 141.6(B) must meet ONE of the following standards:

The insurer SHALL, at the time the policy is filed with the Commissioner and continuously thereafter:

Maintain surplus as to policyholders and paid-in capital of at least \$15,000,000.00.
15 O.S. § 141.6(C)(1)(a).

Annually file copies of the audited financial statements of the insurer, its NAIC Annual Statement and the actuarial certification required by and filed in the state of domicile of the insurer.
15 O.S. § 141.6(C)(1)(b).

OR

The insurer SHALL at the time the policy is filed with the Commissioner; and continuously thereafter:

Maintain surplus as to policyholders and paid-in capital of less than \$15,000,000.00 but at least equal to \$10,000,000.00.
15 O.S. § 141.6(C)(2)(a).

Demonstrate to the satisfaction of the Commissioner that the company maintains a ratio of net written premiums, wherever written, to surplus as to policyholders and paid-in capital of not greater than three to one, and
15 O.S. § 141.6(C)(2)(b).

Annually file copies of the audited financial statements of the insurer, its NAIC Annual Statement and the actuarial certification required by and filed in the State of domicile of the insurer.
15 O.S. § 141.6(C)(2)(c)