

BEFORE THE INSURANCE COMMISSIONER OF THE  
STATE OF OKLAHOMA

**FILED**  
AUG 10 2020  
INSURANCE COMMISSIONER  
OKLAHOMA

STATE OF OKLAHOMA, ex rel. GLEN  
MULREADY, Insurance Commissioner,

Petitioner,

v.

HOME WARRANTY ADMINISTRATOR  
of OKLAHOMA, Inc., d/b/a, CHOICE  
HOME WARRANTY, an unlicensed  
service warranty association,

Respondent.

CASE NO. 20-0038-DIS

**CONSENT ORDER**

COMES NOW the State of Oklahoma, ex rel. Glen Mulready, Insurance Commissioner, by and through his counsel, Sara Worten, and Respondent Home Warranty Administrator of Oklahoma, Inc. by and through counsel, Michael Ridgeway, and consent to entry of this Order.

**JURISDICTION**

1. The Insurance Commissioner has jurisdiction over this case, pursuant to the provisions of the Oklahoma Insurance Code, *36 O.S. §§ 101 et seq.*, and *15 O.S. §§ 141.1 et seq.*, which specifically covers the requirements for licensure and transactions subject to the Service Warranty Act.

2. Home Warranty Administrator of Oklahoma, Inc. ("Respondent" or "HWA") is an unlicensed company, previously licensed as a service warranty association, who has solicited and sold service warranty contracts in the State of Oklahoma.

3. The Insurance Commissioner has jurisdiction over the subject matter and may issue penalties pursuant to *15 O.S. § 141.12*.

4. The Insurance Commissioner, pursuant to 36 O.S. § 319, has appointed an independent hearing examiner who shall sit as a quasi-judicial officer.

5. Informal disposition of this matter may be made by consent order pursuant to 75 O.S. § 309 (E).

#### **STIPULATIONS OF FACT**

1. Respondent secured an Oklahoma license to engage in the business of offering, providing, servicing, and entering into service warranty contracts pursuant to 15 O.S. §§ 141.1 et seq., on or about November 18, 2010, the license expired and was not renewed in 2013.

2. Pursuant to 15 O.S. § 141.14(D), service warranty associations are subject to an administrative fee of equal to 2% of gross provider fee received on the sale of all service warranties issued in Oklahoma.

3. Subsequent to the expiration of Respondent's license, Respondent continued to issue contracts, without a license, and paid no administrative fees for 2015 to present.

4. In 2015, while Respondent's was not authorized by the Insurance Commissioner to conduct business, Respondent sold service warranty contracts to Oklahoma homeowners. The Commissioner issued a Conditional Administrative Order and Notice of Right to be heard on July 13, 2016 based on the unauthorized sell of service warranty contracts in *State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner v. Home Warranty Administrators of Oklahoma, Inc., d/b/a Choice Home Warranty*, Case No. 16-0596-DIS, to which Respondent then entered into a Consent Order, ("Consent Order").

5. The Consent Order states, "Respondent recognizes that it may not sell and/or solicit service warranty contracts or any other contract requiring a license issued by OID in Oklahoma or

to Oklahoma residents unless it is properly licensed pursuant to *15 O.S. §§ 141.1 et seq.* or other license provision to *36 O.S. §§ 101 et seq.*”

6. The Consent Order concludes that Respondent violated the provisions of *15 O.S. §§ 141.4* by willfully acting as a service warranty association without a license issued by the Oklahoma Insurance Commissioner.

7. In September 2019 a market conduct exam (the “Exam”) of Respondent was initiated.

8. The examiners requested Respondent provide documentation as to how many contracts were issued in Oklahoma by Respondent from January 2015 to October 18, 2019. On November 19, 2019, the Respondent provided the requested information.

9. Pursuant to the information provided by Respondent, it issued 8,804 contracts from January 1, 2015 through October 18, 2019 without being properly authorized to do so by the Oklahoma Insurance Commissioner.

10. Respondent agrees that it issued contracts without proper authority from the Oklahoma Insurance Department (“OID”).

11. Respondent agrees that it failed to pay administrative fees from 2015 through 2019 as required by Oklahoma law.

12. Respondent further agrees to pay a fine related to the aforesaid conduct in the amount of \$100,000.00.

13. The Respondent recognizes that it may not sell and/or solicit service warranty contracts, home service contracts, home warranties, or any other contract requiring authority issued by the OID in Oklahoma unless it has prior thereto, obtained such authority pursuant to *36 O.S. § 6753*, *15 O.S. 141.4*, or *36 O.S. §101 et seq.*



### CONCLUSIONS OF LAW

1. Respondent violated the provisions of 15 O.S. §§ 141.4 by willfully acting as a service warranty association without authority issued by the Oklahoma Insurance Commissioner, and therefore, did engage in the unlawful transaction of service warranty business.

2. Respondent has knowingly and willfully violated 15 O.S. § 141.12, a lawful rule or order of the Commissioner and a provision of the Service Warranty Act.

### ORDER

**IT IS THEREFORE ORDERED BY THE COMMISSIONER AND AGREED BY RESPONDENT** that Respondent will pay the Commissioner a civil penalty in the amount of \$100,000.00 in consequence of the above-mentioned violations.

**IT IS FURTHER ORDERED AND AGREED** that Respondent's properly submitted registration as a Home Service Contract provider, as required by 36 O.S. § 6753, will be issued by the OID upon receipt of the \$100,000.00 civil penalty ordered in the above styled case, and proof of payment of the administrative fees and refund of unearned premium as stated in *In re: Examination of Home Warranty Administrator of Oklahoma, Inc.* Case No. 20-0266-EXM.

WITNESS My Hand and Official Seal this 10<sup>th</sup> day of Aug 2020.



GLEN MULREADY  
INSURANCE COMMISSIONER  
STATE OF OKLAHOMA

*John D. Miller*

JOHN D. MILLER  
Hearing Examiner  
400 NE 50<sup>th</sup> Street  
Oklahoma City, Oklahoma 73105

AGREED TO:

A handwritten signature in cursive script, appearing to read 'Sara Worten', written over a horizontal line.

Sara Worten

ASSITANT GENERAL COUNSEL

A handwritten signature in cursive script, appearing to read 'Michael Ridgeway', written over a horizontal line.

Michael Ridgeway

ATTORNEY FOR RESPONDENT

**CERTIFICATE OF MAILING**

I hereby certify that a true and correct copy of the above and foregoing *Consent Order* was sent by U.S. First Class Mail and by electronic mail on this 10<sup>th</sup> day of August 2020, to:

Michael Ridgeway  
Odom & Sparks, PLLC  
Suite 140  
HiPoint Office Building  
2500 McGee Drive  
Norman, OK 73072  
[ridgewaym@odomsparks.com](mailto:ridgewaym@odomsparks.com)  
Attorney for Respondent

  
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Sara A. Worton