

**TITLE 365. INSURANCE DEPARTMENT  
CHAPTER 25. OTHER LICENSEES**

**SUBCHAPTER 3. PRODUCERS, BROKERS, LIMITED LINES PRODUCERS AND  
VEHICLE PROTECTION PRODUCT WARRANTORS**

**365:25-3-15. Variable product licensing**

(a) Producers who wish to sell a variable life product shall have passed successfully the Oklahoma Life Insurance examination and shall provide proof of current FINRA registration with series 6 or 7 and series 63 or 66, or any other exam FINRA deems to be substantially equivalent that is approved by the Commissioner in his or her discretion.

(b) No test shall be required of an applicant for a variable annuity license if:

(1) The applicant provides proof of current FINRA registration with series 6 or 7 and series 63 or 66, or any other exam FINRA deems to be substantially equivalent that is approved by the Commissioner in his or her discretion, and

(2) The applicant shall pay an additional license fee as required by 36 O.S. § 1435.23(A)(4)(b) with the submission of an application as prescribed by the Insurance Commissioner.

**SUBCHAPTER 7. COMPANIES**

**PART 5. OKLAHOMA INSURANCE HOLDING COMPANY SYSTEM REGULATORY  
ACT**

**365:25-7-23. Forms: general requirements**

(a) **Forms A, B, C, D, E, and F.** Forms A, B, C, D, E, and F as set forth in Appendices A, B, N, O, Q, and AA of this Chapter, are intended to be guides in the preparation of the statements required by Sections 1633, 1635 and 1636 of the Act. They are not intended to be blank forms which are to be filled in. The statements filed shall contain the numbers and captions of all items, but the text of the items may be omitted provided the answers thereto are prepared in such a manner as to indicate clearly the scope and coverage of the items. All instructions, whether appearing under the items of the form or elsewhere therein, are to be omitted. Unless expressly provided otherwise, if any item is inapplicable, or the answer thereto is in the negative, an appropriate statement to that effect shall be made.

(b) **Filing statements.** Two (2) complete copies of each statement, including exhibits and all other papers and documents filed as a part thereof, shall be filed with the Commissioner by personal delivery to the Oklahoma Insurance Department in Oklahoma City, Oklahoma, or by mail addressed to the Insurance Commissioner of the State of Oklahoma, 400 N.E. 50<sup>th</sup> Street, Oklahoma City, OK 73105. A copy of a Form C shall be filed in each state in which an insurer is authorized to do business, if the Commissioner of that state has notified the insurer of its request in writing, in which case the insurer has thirty (30) days from receipt of the notice to file such form. At least one of the copies shall be manually signed in the manner prescribed on the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of such power of attorney or other authority shall also be filed with the statement.

(c) **Format of statements.** Statements should be prepared on paper 8 1/2" x 11" in size and preferably bound at the top or the top left hand corner. Exhibits and financial statements, unless specifically prepared for the filing, may be submitted in their original size. All copies of any

statement, financial statements, or exhibits shall be clear, easily readable and suitable for photocopying. Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable as such on photocopies. Statements shall be in the English language, and monetary values shall be stated in United States Currency. If any exhibit or other paper or document filed with the statement is in a foreign language, it shall be accompanied by a translation into the English language and any monetary value shown in a foreign currency normally shall be converted into United States Currency.

## **SUBCHAPTER 9. PREPAID FUNERAL BENEFITS**

### **365:25-9-3. Forms**

#### **(a) General requirements.**

(1) **Application for prepaid funeral benefits permit form.** An application for Prepaid Funeral Benefits shall be submitted to the Insurance Department in the form and manner prescribed by the Insurance Commissioner. The application must be filed with and approved by the Insurance Commissioner before any contracts covered by this act may be marketed. The statutory fee of \$50.00 must accompany this application. An NAIC UCAA Biographical Affidavit must be submitted for each owner(s) of the organization and each designated agent as defined by Section 6126 of the Act.

(2) **Bond form requirements.** A bond used in connection with "The Act" shall be filed in the form and manner prescribed by the Insurance Commissioner. Any variance from this form must have the prior written approval of the Insurance Commissioner. If any bond required by "The Act" is canceled for any reason, a thirty (30) day written notice must be given by the insurer to the Insurance Commissioner.

(3) **Conversion Forms.** Applications for Conversion from a trust funded prepaid funeral benefit to an insurance-funded prepaid funeral benefit shall be filed with and approved by the Insurance Commissioner before any contracts covered by "The Act" may be converted. Applications for Conversion shall be submitted to the Insurance Department in the form and manner prescribed by the Insurance Commissioner. Any variance from this form must have prior written approval by the Insurance Commissioner.

(4) **Notice of Sale.** The seller of a prepaid funeral benefits permit holding funeral home must submit an application to the Insurance Department in the form and manner prescribed by the Insurance Commissioner at least forty-five (45) days prior to the transfer of ownership. In addition to the notice, the seller must also submit a listing of unrealized prepaid funeral contracts. Insurance funded contracts should be listed independently from trust funded contracts. The listing will, at minimum, reflect the contract holder's name, contract number, contract value, the name of the insurer and the policy's face value (when applicable), and the trust value at the time of notice (when applicable).

(5) **Assumption Affidavit.** The buyer of a prepaid funeral benefits permit holding funeral home must notify the Commissioner, in the form and manner prescribed by the Insurance Commissioner, of the buyer's intent to purchase thirty (30) days prior to transfer of ownership.

(6) **Application for Renewal.** The application for renewal of a prepaid funeral benefits permit must be filed with the Commissioner in the form and manner prescribed by the Commissioner no later than December 31 of each year form in order to renew the permit

for the succeeding calendar year. The statutory fee of \$50.00 must accompany the application.

(b) **Additional general requirements.**

(1) **Annual reports.**

(A) Annual reports must be filed in accordance with Section 6128 of "The Act". Such reports should be submitted in columnar form in alphabetical order according to the last name of the contract holder. A complete annual report shall be composed of the following items arranged in the order shown below:

- (i) PF-1-a
- (ii) PF-1-b
- (iii) PF-1-c
- (iv) PF-1-d
- (v) PF-2-a
- (vi) PF-2-b
- (vii) PF-2-c
- (viii) PF-3

(B) Computer print-outs may be submitted in lieu of the reports listed above so long as each legibly provides no less information than shown in the Insurance Commissioner's sample forms. Not less than one page of each annual report form shown above, other than the PF-2-b, shall be submitted. However, where a particular form is not relevant to the operations of a given permitholder, it may be submitted clearly marked, "Not Applicable".

(2) **Annual statement of financial condition.** An Annual Statement of Financial Condition-Reconciliation of Trust Accounts (form PF-3) must be filed in accordance with Section 6129 of "The Act".

## **SUBCHAPTER. 15. CAPTIVE INSURANCE COMPANIES REGULATION**

### **365:25-15-23. Dormant captive insurance companies**

(a) As used in this Section, unless the context requires otherwise, "dormant captive insurance company" means a captive insurance company which has:

- (1) ceased transacting the business of insurance, including the issuance of insurance policies;
- (2) no remaining liabilities associated with insurance business transactions; and
- (3) no unpaid premium taxes.

(b) A captive insurance company domiciled in Oklahoma which meets the criteria of paragraph (a) of this Section may apply to the Commissioner for a certificate of dormancy. If, after a period of five (5) years from the date of the written notice being sent to the Commissioner, a dormant captive insurance company has not resumed transacting the business of insurance by assuming risk through the issuance of insurance policies, reinsurance contracts, or both, and accepting premium, whether direct, assumed via reinsurance, or both, the nonrefundable license fee payable under 36 O.S. § 6470.35(C)(3). The minimum Five Thousand Dollars (\$5,000.00) payable under 36 O.S. § 6470.19(D) shall become applicable for the sixth year of dormancy and for every year of dormancy thereafter.

(c) A dormant captive insurance company which has been issued a certificate of dormancy shall:

- (1) possess and thereafter maintain unimpaired, paid-in capital and surplus of not less than Twenty-five thousand dollars (\$25,000.00).
  - (2) prior to March 1 of each year, submit to the Commissioner a report of its financial condition, verified by oath of two of its executive officers, in a form as may be prescribed by the Commissioner; and
  - (3) pay a license renewal fee as provided in 36 O.S. § 6470.3.
- (d) A dormant captive insurance company shall not be subject to or liable for the payment of any premium tax for the initial five (5) year period of dormancy.
- (e) A dormant captive insurance company shall apply to the Commissioner for approval to surrender its certificate of dormancy and resume conducting the business of insurance prior to issuing any insurance policies.
- (f) A certificate of dormancy shall be revoked if a dormant captive insurance company no longer meets the criteria of paragraph (a) of this Section.
- (g) The Commissioner may establish guidelines and procedures as necessary to carry out the provisions of this section.

## **SUBCHAPTER 23. CEMETERY MERCHANDISE TRUSTS**

### **365:25-23-2. Permit required**

(a) Pursuant to the Cemetery Merchandise Trust Act, any organization which shall accept money or anything of value for prepaid cemetery merchandise pursuant to a prepaid cemetery merchandise contract shall obtain a permit from the Oklahoma Insurance Department authorizing the transaction of this type of business prior to the commencement of this type of business. The Commissioner may deny the issuance of a permit if the organization or any of its owners or officers:

- (1) Makes a material misstatement or misrepresentation in an application or permit;
- (2) Has been sentenced, convicted, pled guilty or nolo contendere to a crime involving fraud, dishonesty or moral turpitude; or
- (3) Fraudulently or deceptively obtains or attempts to obtain a permit for another.

(b) An application for cemetery merchandise permit shall be submitted to the Insurance Department in a manner and form prescribed by the Insurance Commissioner. The application shall contain the name of the organization, physical address, mailing address, and any other information the Insurance Commissioner may request. A copy of the trust agreement must be submitted with the application. The application must be filed with and approved by the Insurance Commissioner before money or anything of value for prepaid cemetery merchandise can be accepted. The statutory fee of \$200.00 must accompany this application. An NAIC UCAA Biographical Affidavit must be submitted for each owner or officer of the organization.

### **365:25-23-5. Trust fund and trustee**

A holder of a Cemetery Merchandise Permit with funds in trust shall keep the Insurance Department informed of the identity of the trustee at all times and at all times shall comply with the provisions of 36 O.S. § 7126. Prior to changing the trustee, trust agreement or trust location, a permit holder shall notify the Commissioner at least thirty (30) days prior to any transfer or change stating the reason for the proposed change.

### **365:25-23-6. Surety bond**

(a) A permit holder posting a surety bond in lieu of making remittances to a trust fund, shall file a quarterly report no later than the thirtieth day after the close of each quarter. The bond shall be in an amount not less than the minimum funding requirement for cemetery merchandise trusts pursuant to the provisions of 36 O.S. § 7126. If at any time the Quarterly Report shows that the bond posted does not meet the minimum funding requirements, the permit holder shall be notified by the Insurance Department and shall post an additional or amended bond within ten (10) days following notification. The additional or amended bond shall be sufficient in size to satisfy the provisions of 36 O.S. §§ 7126 and 7127.

(b) A bond posted in connection with Cemetery Merchandise Trust Act shall be filed in the form and manner prescribed by the Insurance Commissioner. Any variance from this form must have the prior written approval of the Insurance Commissioner. An insurer shall provide thirty (30) day's written notice to the Insurance Commissioner prior to cancelling any bond required by the Cemetery Merchandise Trust Act.

## **SUBCHAPTER 29. PHARMACY BENEFIT MANAGERS**

### **365:25-29-8. PBM to file certain financial statements with the Commissioner**

(a) Before May 1 of each year, every PBM providing pharmacy benefits management shall submit to the Insurance Commissioner a report, which includes the most recently concluded fiscal year-end financial statements for the PBM and report of covered lives, signed by an Executive Officer of the PBM attesting to the accuracy of the information contained in the report form prescribed by the Commissioner. The report shall be audited by an independent certified public accountant (CPA) and prepared using generally accepted accounting principles (GAAP). The report may be supplemented by any additional information required by the Insurance Commissioner.

(b) The Commissioner may extend the time prescribed for filing annual or other reports or exhibits of any kind for good cause shown. However, the Commissioner shall not extend the time for filing annual statements beyond ninety (90) days after the time prescribed by this Section.

## **SUBCHAPTER 31. REDUCED PREMIUM TAX RATE FOR KEY PERSON**

### **365:25-31-1. Purpose**

The purpose of this Subchapter is to set forth standards and requirements for a reduced premium tax rate for "Key Person" life insurance policies purchased by an employer on the life of an owner, top executive or other employee in accordance with 36 O.S. § 624(A)(2)(a) and (b).

### **365:25-31-2. General requirements**

(a) Only the employer, or a trust sponsored by the employer and purchased for the benefit of the employees of the employer, shall purchase a Key Person life insurance policy and pay for the life insurance policy premiums.

(b) Only the employer, or a trust sponsored by the employer and purchased for the benefit of the employees of the employer, shall be named the beneficiary or receive proceeds of the death benefit of a Key Person life insurance policy.

- (c) Only the life of one individual shall be named on a Key Person policy. The named Key Person shall not be transferrable.
- (d) In order to be eligible for the reduced premium tax rate, an insurer shall submit with its annual premium tax return a report in the manner and format prescribed by the Commissioner.
- (e) Upon request by the Commissioner, an insurer shall provide copies of Key Person life insurance policies and other documentation for review as deemed necessary.
- (f) Group benefit plans, enhanced compensation packages, or split-dollar shared contribution policies are not eligible for Key Person reduced premium tax rates.