

1 ENGROSSED HOUSE  
2 BILL NO. 1498

By: Chapman and Tedford of the  
House

3 and

4 Reinhardt of the Senate

5  
6  
7 An Act relating to insurance; amending Section 4,  
8 Chapter 346, O.S.L. 2024 (36 O.S. Supp. 2024, Section  
9 673), which relates to information security;  
10 modifying to whom certain information shall be  
11 reported; amending 36 O.S. 2021, Section 2208, which  
12 relates to duties of the Insurance Commissioner;  
13 modifying duties; amending 36 O.S. 2021, Section  
14 6121, which relates to permits required for prepaid  
15 funeral services; modifying language to clarify  
16 applicability; providing definition; requiring  
17 response to inquiry; requiring notifying the  
18 Insurance Commissioner of changes in certain  
19 information; amending 36 O.S. 2021, Section 6124,  
20 which relates to the acceptance of money for prepaid  
21 funeral benefits; proscribing manner in which  
22 applications for permits shall be filed; providing  
23 procedures for certain expired permits; permitting  
24 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,  
which relates to the application for change of name  
of a prepaid funeral benefit permit holder; modifying  
language for clarity; requiring additional  
information; prohibiting conducting unpermitted  
prepaid funeral benefit business; amending 36 O.S.  
2021, Section 6125.2, which relates to funding  
prepaid funeral benefits contract by assignment of  
life insurance proceeds; permitting assignment from

1           certain insurance policies and certain annuities;  
2 amending 36 O.S. 2021, Section 6128, which relates to  
3 annual report to Insurance Commissioner; clarifying  
4 organization is responsible for transaction or other  
5 applicable fees; amending 36 O.S. 2021, Section 6129,  
6 which relates to maintenance of records; modifying  
7 penalty; amending 36 O.S. 2021, Section 6130, which  
8 relates to violations and penalties; permitting the  
9 censure, suspension, revocation, or refusal of permit  
10 after opportunity for hearing; amending 36 O.S. 2021,  
11 Section 7125, which relates to permit applications  
12 under the Cemetery Merchandise Trust Act; clarifying  
13 manner in which applications shall be filed;  
14 permitting reinstatement of certain expired permits;  
15 clarifying no entitlement after revocation; requiring  
16 submission of certain changes by permit holders;  
17 requiring response to inquiry; amending 36 O.S. 2021,  
18 Section 7127, which relates to surety bond in lieu of  
19 trust requirement; modifying timeline for notice;  
20 amending 36 O.S. 2021, Section 7128, which relates to  
21 filing of annual report; clarifying report be filed  
22 electronically; amending 36 O.S. 2021, Section 7131,  
23 which relates to Insurance Commissioner's actions for  
24 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.

19 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

20           SECTION 1.       AMENDATORY       Section 4, Chapter 346, O.S.L.

21 2024 (36 O.S. Supp. 2024, Section 673), is amended to read as  
22 follows:

23           Section 673. A. Each licensee in this state shall develop,  
24 implement, and maintain a comprehensive written information security

1 program based on the risk assessment of the licensee provided for in  
2 this act and that contains administrative, technical, and physical  
3 safeguards for the protection of nonpublic information and the  
4 information systems of the licensee. The program shall be  
5 commensurate with the size and complexity of the licensee, the  
6 nature and scope of the activities of the licensee, including its  
7 use of third-party service providers, and the sensitivity of the  
8 nonpublic information used by the licensee or in the possession,  
9 custody, or control of the licensee.

10       B. An information security program of a licensee shall be  
11 designed to:

12           1. Protect the security and confidentiality of nonpublic  
13 information and the security of the information systems;

14           2. Protect against any threats or hazards to the security or  
15 integrity of nonpublic information and the information systems;

16           3. Protect against unauthorized access to or use of nonpublic  
17 information, and minimize the likelihood of harm to any consumer;  
18 and

19           4. Define and periodically reevaluate a schedule for retention  
20 of nonpublic information and a mechanism for its destruction when no  
21 longer needed.

22       C. The licensee shall:

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

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

10      3. Assess the likelihood and potential damage of these threats,  
11 taking into consideration the sensitivity of the nonpublic  
12 information;

13      4. Assess the sufficiency of policies, procedures, information  
14 systems, and other safeguards in place to manage these threats,  
15 including consideration of threats in each relevant area of the  
16 operations of the licensee, including:

- 17       a. employee training and management,
- 18       b. information systems, including, but not limited to,  
19                  network and software design, as well as information  
20                  classification, governance, processing, storage,  
21                  transmission, and disposal, and
- 22       c. detecting, preventing, and responding to attacks,  
23                  intrusions, or other systems failures; and

1       5. Implement information safeguards to manage the threats  
2 identified in its ongoing assessment, and no less than annually,  
3 assess the effectiveness of the key controls, systems, and  
4 procedures of the safeguards.

5           D. Based on the results of the risk assessment, the licensee  
6 shall:

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

13           2. Determine and implement security measures deemed  
14 appropriate, including:

- 15           a. place access controls on information systems including  
16                   controls to authenticate and permit access only to  
17                   authorized individuals to protect against the  
18                   unauthorized acquisition of nonpublic information,
- 19           b. identify and manage the data, personnel, devices,  
20                   systems, and facilities that enable the organization  
21                   to achieve business purposes in accordance with their  
22                   relative importance to business objectives and the  
23                   risk strategy of the organization,

- c. restrict physical access to nonpublic information to authorized individuals only,
- d. protect by encryption or other appropriate means, all nonpublic information while being transmitted over an external network and all nonpublic information stored on a laptop computer or other portable computing or storage device or media,
- e. adopt secure development practices for in-house developed applications utilized by the licensee,
- f. modify the information system in accordance with the information security program of the licensee,
- g. utilize effective controls, which may include multi-factor authentication procedures for any authorized individual accessing nonpublic information,
- h. regularly test and monitor systems and procedures to detect actual and attempted attacks on, or intrusions into, information systems,
- i. include audit trails within the information security program designed to detect and respond to cybersecurity events and designed to reconstruct material financial transactions sufficient to support normal operations and obligations of the licensee,
- j. implement measures to protect against destruction, loss, or damage of nonpublic information due to

1                   environmental hazards such as fire and water damage or  
2                   other catastrophic events or technological failures,  
3                   and

4                 k. develop, implement, and maintain procedures for the  
5                   secure disposal of nonpublic information in any  
6                   format;

7                 3. Include cybersecurity risks in the enterprise risk  
8                   management process of the licensee;

9                 4. Stay informed regarding emerging threats or vulnerabilities  
10                  and utilize reasonable security measures when sharing information  
11                  relative to the character of the sharing and the type of information  
12                  shared; and

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

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

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

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

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

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

F. A licensee shall exercise due diligence in selecting its third-party service provider and shall require the provider to implement appropriate administrative, technical, and physical measures to protect and secure the information systems and nonpublic information that are accessible to, or held by, the third-party service provider.

G. The licensee shall monitor, evaluate, and adjust, as appropriate, the information security program consistent with any

1 relevant changes in technology, the sensitivity of its nonpublic  
2 information, internal or external threats to information and the  
3 changing business arrangements of the licensee, such as mergers and  
4 acquisitions, alliances and joint ventures, outsourcing  
5 arrangements, and changes to information systems.

6 H. As part of its information security program, each licensee  
7 shall establish a written incident response plan designed to  
8 promptly respond to, and recover from, any cybersecurity event that  
9 compromises the confidentiality, integrity, or availability of  
10 nonpublic information in its possession, the information systems of  
11 the licensee, or the continuing functionality of any aspect of the  
12 business or operations of the licensee.

13 The incident response plan shall address the following areas:

- 14 1. The internal process for responding to a cybersecurity  
event;
- 16 2. The goals of the incident response plan;
- 17 3. The definition of clear roles, responsibilities, and levels  
of decision-making authority;
- 19 4. External and internal communications and information  
sharing;
- 21 5. Identification of requirements for the remediation of any  
identified weaknesses in information systems and associated  
controls;

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

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

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

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

19       Section 2208. A. The Insurance Commissioner shall annually  
20 review negotiations between the trust and any entity to provide  
21 administrative, claim, underwriting or claim management services or  
22 excess insurance, aggregate excess insurance and reinsurance to the  
23 trust.

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

4           1. Underwriting policies and activities, including all new  
5 applications for coverage, as well as all decisions regarding denial  
6 of new policies and surcharges on or nonrenewal of existing  
7 insureds;

8           2. Summaries of all claims activities, including number of  
9 claims filed, lawsuits filed, resolution of closed claims and  
10 lawsuits, amounts paid in settlements, jury verdicts, defense  
11 attorney fees, expert witness costs and other defense costs;

12           3. Consumer satisfaction with quality of service by the trust  
13 or its agents;

14           4. Investment activities;

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

16           6. All risk-management activities, including continuing  
17 education and counseling of insureds.

18       C. ~~The Commissioner shall further study and analyze the cost of~~  
19 ~~administration of the trust to determine how its administrative~~  
20 ~~costs compare to the administrative costs of other medical~~  
21 ~~professional liability trusts and insurers providing medical~~  
22 ~~liability coverage. The Commissioner shall submit a report of the~~  
23 ~~Commissioner's study to the Governor, the President Pro Tempore of~~

1 | the Senate and the Speaker of the House of Representatives no later  
2 | than February 1 of each year.

3 | D. The trust shall provide the Commissioner with policy  
4 | changes, rate changes, rules proposed by the trust and changes to  
5 | the trust instrument prior to implementation of policy changes, rate  
6 | changes, proposed rules and changes to the trust instrument within  
7 | thirty (30) days of implementation of such changes.

8 | SECTION 3. AMENDATORY 36 O.S. 2021, Section 6121, is  
9 | amended to read as follows:

10 | Section 6121. A. Any ~~individual, firm, partnership,~~  
11 | ~~corporation, or association (hereinafter called "organization")~~  
12 | organization which shall offer for sale, accept money or anything of  
13 | value, or contract for prearranged, or prepaid funeral services, or  
14 | funeral service merchandise as defined in the Funeral Services  
15 | Licensing Act, or for any contract providing future funeral services  
16 | or funeral merchandise at a fixed price or at a cost plus a  
17 | percentage, or at retail price less a percentage discount, or  
18 | providing for any special consideration of any kind to be granted or  
19 | made available to the purchaser or holder of such contract, in this  
20 | state, under any sales contract, bond, certificate or other form of  
21 | written document providing for prepaid, discounted or otherwise  
22 | specially priced funeral or burial benefits or services or funeral  
23 | merchandise to be delivered at an undetermined future date dependent  
24 | upon the death of a contracting party or other person designated by

1 a contracting party (hereinafter called "prepaid funeral benefits")  
2 shall first obtain a permit from the Insurance Commissioner  
3 authorizing the transaction of this type of business ~~before entering~~  
4 ~~into any such contract.~~ It shall be unlawful to sell offer for  
5 sale, accept money or anything of value for, or contract for prepaid  
6 funeral benefits ~~unless the seller holds without~~ a valid, current  
7 permit ~~at the time the contract is made.~~

8       B. The Insurance Commissioner may deny the issuance of a permit  
9 if the organization:

10       1. Makes a material misstatement or misrepresentation in an  
11 application for a permit;

12       2. Fraudulently or deceptively obtains or attempts to obtain a  
13 permit for another; or

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

19       C. The Insurance Commissioner may approve an application of an  
20 organization for a permit and deny the request of the organization  
21 to act as a trustor if the organization, or any of its officers,  
22 owners, partners, directors, or other persons responsible for the  
23 conduct of its affairs and day-to-day operations, does not satisfy

1 all qualifications. This shall not hinder an organization from  
2 entering into contracts funded by assignments of insurance.

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

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

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

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

23 H. Each permit holder shall electronically notify the Insurance  
24 Commissioner, in the manner and form prescribed by the Insurance

1    Commissioner, along with any applicable fees, of any change in  
2    address or contact information within thirty (30) days of the  
3    change. Any submission of a change of legal business name, dba or  
4    assumed name, address or email address received more than thirty  
5    (30) days after the change occurred shall be accompanied by a fee of  
6    Fifty Dollars (\$50.00).

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

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

19       1. The receipt of the application and payment of the filing  
20      fee;

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

23       3. Making a finding that the organization has complied with  
24      this act and the rules promulgated under this act by the Insurance

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

1      Commissioner of any prepaid funeral benefits offered or provided in  
2      this state during the period of the expired permit.

3      B. The Insurance Commissioner may ~~cancel~~ suspend, revoke, or  
4      refuse to renew a permit or refuse to issue a permit ~~or refuse to~~  
5      ~~issue a renewal of a permit~~ for failure to comply with any provision  
6      of this act, or any valid rule, which the Insurance Commissioner has  
7      promulgated, after reasonable notice ~~to the organization and after~~  
8      ~~hearing if the organization requests and opportunity for a hearing.~~

9      When the Insurance Commissioner ~~cancels~~ suspends or revokes a permit  
10     or refuses to issue a renewal of a permit for a violation ~~as~~  
11     ~~provided by this subsection~~, the Insurance Commissioner shall notify  
12     the Oklahoma Funeral Board of the action and the nature of any  
13     violations.

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

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

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

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

11 1. The name of the acquiring organization;

12 2. The date the acquiring organization will take control of the  
13 ~~funeral establishment~~ selling organization;

14 3. A listing of all unrealized prepaid funeral benefit  
15 contracts funded by insurance assignments;

16 4. A listing of all unrealized prepaid funeral benefit  
17 contracts funded by trusts;

18 5. A detailed description of existing trusts to include, but  
19 not be limited to, the name of the contract holder and the trust  
20 value per contract; and

21 6. Any other information the Insurance Commissioner may  
22 request.

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

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

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

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

20      F. The Insurance Commissioner may ~~assume the role of acting~~  
21 ~~trust conservator~~ take any actions pursuant to Articles 18 and 19 of  
22 this title as a means of safeguarding the rights and interests of  
23 the individual contract holders or purchasers, their beneficiaries,  
24 successors, or personal representatives, or whenever necessary to

1 protect the public welfare. The organization may make application  
2 to the Insurance Commissioner to draw down funds upon fulfillment of  
3 the prepaid funeral service contract.

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

22 H. The Insurance Commissioner may prescribe rules concerning  
23 matters incidental to this section.  
24

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

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

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

- 22       1. The name of the organization as it currently appears on its  
23 ~~permit holder~~;
- 24       2. The proposed new name of the ~~permit holder organization~~; and

1       3. The proposed date the name change will become effective;

2       4. The business address of the organization; and

3       5. The organization's primary email address.

4       B. ~~The Insurance Commissioner may waive the approval~~

5       requirement provided for in subsection A of this section upon good  
6 cause shown.

7       C. The Insurance Commissioner may deny the organization's

8       change of name of the ~~prepaid funeral benefit permit holder~~ upon  
9 good cause shown.

10      D. C. Upon approval of a change of name, the Insurance

11      Commissioner shall issue a prepaid funeral benefit permit with the  
12 new name. ~~The prepaid funeral benefit permit holder~~

13      D. Every organization shall display in a conspicuous place at

14      all times on the premises of the organization all permits issued  
15 pursuant to the provisions of this ~~section act~~. No organization may  
16 consent to or allow the use or display of the permit by a person  
17 other than the persons authorized to represent the organization in  
18 contracting prepaid funeral benefits.

19      E. The Insurance Commissioner may ~~prescribe promulgate~~ rules

20 concerning matters incidental to this section.

21      F. Organizations shall not conduct prepaid funeral benefit

22 business under any name or at a different business address other  
23 than that specified in the permit.

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

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

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

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

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

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

23 4. The disbursement of ~~life~~ insurance or annuity proceeds to  
24 the organization shall constitute payment in full to the

1 organization for the ~~services and merchandise contracted for prepaid~~  
2 funeral benefits.

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

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

11 2. Any funds remaining unused shall be refunded to the  
12 purchaser ~~or to,~~ the personal representative of the purchaser or the  
13 designated beneficiary; and

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

18 D. A violation of this section shall constitute a misdemeanor  
19 and shall be punished by a fine of not less than One Hundred Dollars  
20 (\$100.00) nor more than Five Hundred Dollars (\$500.00) or by  
21 imprisonment in the county jail for not less than one (1) month nor  
22 more than six (6) months, or by both such fine and imprisonment.

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

1           Section 6128. Each organization shall file an annual report  
2 with the Insurance Commissioner on or before March 15 of each year  
3 in such form as the Insurance Commissioner may require, showing the  
4 names and addresses of all persons with whom contracts for prepaid  
5 funeral benefits have been made prior to December 31 of the  
6 preceding year which had not been fully discharged on December 31  
7 and, also showing the date of the contract, the name of the bank or  
8 depository holding the trust fund and the amount of the trust fund  
9 under each contract on the preceding December 31. Any organization  
10 which has discontinued the sale of prepaid funeral benefits, but  
11 which still has outstanding contracts, shall not be required to  
12 obtain a renewal of its permit, but it shall continue to make annual  
13 reports to the Insurance Commissioner until all such contracts have  
14 been fully discharged. A filing fee of Fifty Dollars (\$50.00),  
15 along with any transaction or other applicable fees, shall accompany  
16 each report. If any officer of any organization fails or refuses to  
17 file an annual report, or to cause it to be filed within thirty (30)  
18 days after he or she has been notified by the Insurance Commissioner  
19 that the report is due and has not been received, he or she shall be  
20 guilty of a misdemeanor and shall be punished as prescribed in  
21 Section 6130 of this title.

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

24

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

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

21       Section 6130. A. Any officer, director, agent, or employee of  
22 any organization subject to the terms of Sections 6121 through  
23 6136.18 of this title who makes or attempts to make any contract in  
24 violation of the provisions of Sections 6121 through 6136.18 of this

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

10       B. The violation of any provision of Sections 6121 through  
11 6136.18 of this title shall constitute a cause for the Oklahoma  
12 Funeral Board to revoke, or to refuse to issue or renew, any license  
13 issued pursuant to the provisions of Sections 396 through 396.33 of  
14 Title 59 of the Oklahoma Statutes. The violation of any provision  
15 of Sections 6121 through 6136.18 of this title shall constitute a  
16 cause for the Insurance Commissioner to ~~issue a notice and order to~~  
17 ~~show cause why the licensee shall not be censured, have the license~~  
18 ~~of the licensee suspended or revoked, be subject to, after~~  
19 opportunity for hearing, censure, suspend, revoke, or refuse to  
20 issue or renew a permit, issue a fine of not less than One Hundred  
21 Dollars (\$100.00) and not more than One Thousand Dollars (\$1,000.00)  
22 for each occurrence, or be subject to both such fine and punishment.

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

1       Section 7125. A. Each organization desiring to accept money or  
2 anything of value for prepaid cemetery merchandise shall file an  
3 application for a permit with the Insurance Commissioner, and shall  
4 at the time of filing the application pay one initial filing fee of  
5 Two Hundred Dollars (\$200.00). All applications shall be filed  
6 electronically in the manner and form prescribed by the  
7 Commissioner, along with any applicable transaction or other fees.  
8 The Commissioner ~~shall~~ may issue a permit upon the receipt of the  
9 application, the annual report in accordance with Section 7128 of  
10 this title and payment of the filing ~~fee~~ fees, and upon making a  
11 finding that the applicant has complied with the Cemetery  
12 Merchandise Trust Act and the rules as may be established pursuant  
13 to the Cemetery Merchandise Trust Act by the Commissioner. All  
14 applications shall be signed by the organization requesting the  
15 permit, and shall contain a statement that the applicant will comply  
16 with all the requirements as established pursuant to the Cemetery  
17 Merchandise Trust Act. All permits shall expire on March 15 of the  
18 year following the year the permit is first issued, unless renewed.  
19 Permits ~~shall~~ may be renewed for a period not to exceed the  
20 succeeding March 15 upon the payment of a renewal fee of Two Hundred  
21 Dollars (\$200.00). ~~Late application for renewal of a permit shall~~  
22 ~~require a fee of double the renewal fee. No application for renewal~~  
23 ~~of a permit shall be accepted after April 15 of each year. Late~~  
24 ~~applicants shall be required to reapply as if they were a new~~

1 applicant, and pay an application fee equal to an amount that is  
2 double the renewal fee in addition to any fines that may have been  
3 imposed with respect to an expired permit Any permit expired for  
4 failure to submit a renewal application may be reinstated within  
5 ninety (90) days after the expiration date by electronically  
6 submitting a fee in an amount that is double the renewal fee and a  
7 renewal application in the form and manner prescribed by the  
8 Insurance Commissioner, along with any transaction or other  
9 applicable fees. The Insurance Commissioner shall require a permit  
10 holder whose permit has been expired for more than ninety (90) days  
11 to reapply as if they were a new applicant and pay an application  
12 fee equal to an amount that is double the renewal fee in addition to  
13 any fines imposed. All applications received after the permit has  
14 been expired for more than ninety (90) days shall include a detailed  
15 report of services provided in this state during the period of  
16 expired permit.

17       B. The Commissioner may cancel a permit or suspend, revoke,  
18 refuse to issue a permit, or refuse to issue a renewal or renew a  
19 permit for failure to comply with any provisions of the Cemetery  
20 Merchandise Trust Act or any rules promulgated thereto by the  
21 Commissioner, after reasonable notice to the permittee and  
22 opportunity for hearing before the Commissioner in accordance with  
23 Article II of the Administrative Procedures Act.

24

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

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

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

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

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

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

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

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

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

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

21       Section 7128. Each organization shall electronically file an  
22 annual report with the Insurance Commissioner on or before March 15  
23 of each year in ~~a~~ the manner and form as the Commissioner may  
24 require, showing the name of the financial institution holding the

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

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

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

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

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

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

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

8 SECTION 16. REPEALER 36 O.S. 2021, Sections 1106.1,  
9 6813, 6814, and 6815 are hereby repealed.

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

11 Passed the House of Representatives the 24th day of March, 2025.

12  
13 Presiding Officer of the House  
14 of Representatives

15  
16 Passed the Senate the \_\_\_\_\_ day of \_\_\_\_\_, 2025.

17  
18 Presiding Officer of the Senate