

OKLAHOMA INSURANCE DEPARTMENT
SERVICE WARRANTY ASSOCIATIONS
Financial Statement Filing Instructions

1. Financial statements are required to be filed with the Oklahoma Insurance Department, Financial Division, no later than May 1 of each year for the preceding calendar year.
 - The financial statement should **only include figures for the Service Warranty Association and should not include subsidiaries.**
 - The financial statement must be signed by **two** officers.
2. Statutory accounting principles should be followed in the preparation of financial statements and supporting schedules. Notes should be provided with the annual financial statement and any other pertinent financial statement disclosures.
 - Include a description or list of any amount reported in the “Other Asset” section of the Assets page (page 2). **Any amount listed in this section without a description will be considered a non-admitted asset.**
 - When reporting an “Investment in Subsidiary” **Please provide the name of the subsidiary and what method was used to determine the value of said company.**
3. The accounting for unearned reserves is prescribed in (15 O.S. §141.6). This section requires an unearned reserve equal to 25% of all gross written provider fees received on all warranty contracts in force, wherever written. In the case of multiyear contracts which are offered by associations having net assets of less than \$500,000.00 for which provider fees are collected in advance for coverage in a subsequent year, 100% of the provider fees for such subsequent years shall be placed in the unearned reserve account.
 - Detailed workpapers should be prepared and provided to the Oklahoma Insurance Department's Financial Division to support the calculation of unearned reserves.
4. In accordance with (15 O.S. §141.6(B)), an unearned reserve shall not be required if an association has purchased contractual liability insurance covering 100% of its claim exposure. Adequate evidence of such insurance must be provided to the Oklahoma Insurance Department's Financial Division.
5. All investments are subject to valuation by the Securities Valuation Office of the National Association of Insurance Commissioners (NAIC), as deemed necessary by the Insurance Commissioner.
6. The Income Statement (page 4) should show warranty business for **all states including Oklahoma.**
7. The Quarterly Administrative Fee form (page 5) should reflect the gross provider fee received on the sale of all service contracts issued in Oklahoma during the preceding calendar year. This amount should be broken into four quarters and the 2% administrative fee should be calculated for each quarter. **All companies will complete this page even though the same form is completed quarterly.** This is the Departments way of confirming that the correct amount was paid quarterly throughout the year. If the amount differs from what was reported by the Service Warranty Association throughout the year, please attach an explanation as to why the amount is different.
 - **Companies that remit the reduced administrative fee must still complete the Oklahoma Gross Provider Fee section of the Administrative Fee form (page 5). The form is set up to automatically calculate the 2% fee but you will notice that below table there is a place for the company to show that they are approved to pay the reduced administrative fee.**
8. Before submitting the financial statement, please include a copy of the current bond or contractual liability and confirmation of the unearned reserve account.