



INSURANCE COMMISSIONER
State of Oklahoma

BULLETIN NO. PC 2017-02

TO: ALL PROPERTY AND CASUALTY INSURERS LICENSED IN OKLAHOMA

FROM: JOHN D. DOAK, INSURANCE COMMISSIONER

RE: FIRE INSURANCE; SENATE BILL 495 AMENDING 36 O.S. 2011, SECTION 4809

DATE: June 20, 2017

PURPOSE OF THIS BULLETIN

The purpose of this bulletin is to provide guidance to all property and casualty insurers regarding the amendments made to 36 O.S. § 4809¹ during the 2017 legislative session.

The legislature made two changes to the statute:

1. Insurers and agents are exempt from complying with this statute if the policy at issue provides for a “fire run service benefit payment”. The Department interprets “fire run service benefit payment” as payment from the insurer to either the insured or the fire department for a fire department service charge or fire department charge incurred when the fire department is called to save or protect covered property. 36 O.S. § 4809(A)and (D).
2. The previous version of the statute required insurers and agents to confirm payment by the applicant of subscription or dues when writing the initial policy and at “rewrite”. “Rewrite” is stricken from the statute and the statute now requires insurers or agents to confirm subscription payments or dues when the policy is initially written and annually thereafter. 36 O.S. § 4809 (C).

¹ (A) Except as otherwise provided in this subsection, no property or casualty insurance company shall give any special or reduced rate for fire insurance on any risk because it is located in a rural fire protection district or in an area protected by a rural fire department in which the district or department is wholly or partially funded by dues or subscription payments paid by owners of property who are members of an association supporting the rural fire department to any person who fails or refuses to pay the appropriate dues or subscription payments for support of the district or department pursuant to the procedure outlined in subsection C of this section. Property and casualty insurance companies providing a fire run service benefit payment within the fire insurance policy shall not be subject to this subsection.

(B) Property owners owning property in more than one fire district or fire department area relying on dues or subscriptions for partial or complete funding shall pay dues to a fire district or fire department in whose district or area they own property if they wish to receive special or reduced rates for property and casualty insurance.

(C) Except as otherwise provided in this subsection, it is unlawful for any insurance agent or company to knowingly write an initial policy of fire insurance coverage on any risk located in a rural fire protection district or in any area protected by a rural fire department at any special or reduced rate or with any rate credit based on location of the risk in the district or area without having first obtained from the insured or from the rural fire protection district or rural fire department evidence that current dues or subscription payments, if any, for the property to be insured have been paid. Following the writing of the initial policy, the insurance agent or company shall obtain evidence of successful payment of current dues or subscription payments annually. The evidence required by the insurer may be a receipt, canceled check, or other valid proof of payment. Any insurance agent or company writing a policy of fire insurance coverage providing a fire run service benefit payment within the fire insurance policy shall not be subject to this subsection.

(D) If any agent is found by the Insurance Commissioner to have violated the provisions of this subsection, the agent shall be liable for an administrative penalty of Twenty-five Dollars (\$25.00) for the first violation and Fifty Dollars (\$50.00) for any subsequent violation.

The statute will take effect November 1, 2017.

Questions applicable to this bulletin should be directed to Sara Worten of the Legal Division at sara.worten@oid.ok.gov or to Cuc Nguyen of the Rate and Form Compliance Division at cuc.nguyen@oid.ok.gov.

The Oklahoma Insurance Department encourages readers of this bulletin to periodically check the Department's website at <http://www.ok.gov/oid/> for news and updates to bulletins and other relevant material.