



OKLAHOMA INSURANCE DEPARTMENT
State of Oklahoma

BULLETIN NO. PC 2006-04

**TO: ALL PROPERTY AND CASUALTY INSURERS LICENSED IN OKLAHOMA
ALL RATING AND ADVISORY ORGANIZATIONS
ATTENTION: STATE FILING DIVISION**

FROM: OKLAHOMA INSURANCE DEPARTMENT

**RE: FIRE INSURANCE – COMPLIANCE WITH TITLE 36 O. S. 4809
(INSURER RESPONSE IS REQUIRED)**

DATE: April 7, 2006

PURPOSE OF THIS BULLETIN

Title 18 O. S. 592, provides the authority for persons to form a charitable corporation for the purpose of providing either a volunteer or full-time fire department for an unincorporated area. Section 593 further provides authority for the charitable corporation to establish a reasonable schedule of fees.

Title 36 O.S. 4809 prohibits insurers or agents from giving certain reduced insurance rates to any risk in a rural fire protection district in which the district is wholly or partially funded by dues to any person who fails or refuses to pay the appropriate dues.

STATUTORY CITATION – 36 O.S.4809

A. 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.

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. It is unlawful for any insurance agent or company to knowingly write an initial policy of fire insurance coverage or to rewrite such a policy 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. The evidence required by the insurer may be a receipt, canceled check, or other valid proof of payment.

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.

INSURER'S ACTIONS FOR COMPLIANCE WITH 36 O.S. 4809

The Department has determined that insurers should include a question on any application for insurance that provides coverage for the peril of fire to comply with this statute as follows:

If the property is located in a rural fire protection district or in an area protected by a rural fire department, have you paid the appropriate dues or subscription payments?

We are aware that insurers have taken additional steps to comply with the statute. A written response to this bulletin is required providing the details of those steps. This response and the amendment to the appropriate applications are required on or before May 7, 2006. Pursuant to Title 36 O.S. 3610, an application is not required to be filed with the Property and Casualty Division unless it is to be made a part of the policy. Please direct the written response to Kathie Stepp, Director, Property and Casualty Division, Oklahoma Insurance Department, P. O. Box 53408, Oklahoma City, OK. 73152-3408. The letter should reference Bulletin 2006-04-Fire Insurance – Compliance with Title 36 O.S. 4809.

Questions applicable to this bulletin should be directed to kathiestepp@insurance.state.ok.us of the Property and Casualty Division, or robertnoll@insurance.state.ok.us of the Legal Division of the Oklahoma Insurance Department, P. O. Box 53408, Oklahoma City, OK 73152-3408.

The Oklahoma Insurance Department encourages readers of this bulletin to periodically check the Department's web site <http://www.oid.state.ok.us/> for news and updates to Bulletins and other relevant material.