

FILED
DEC 02 2022
INSURANCE COMMISSIONER
OKLAHOMA

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

**STATE OF OKLAHOMA, ex rel. GLEN
MULREADY, Insurance Commissioner,**)
)
)
Petitioner,)
)
vs.)
)
**HOME WARRANTY ADMINISTRATOR OF
OKLAHOMA, INC d/b/a CHOICE HOME
WARRANTY, a registered home service contract
provider in the State of Oklahoma,**)
)
Respondent.)

CASE NO. 22-0452-DIS

AGREED ORDER

COMES NOW the State of Oklahoma, ex rel. Glen Mulready, Insurance Commissioner, by and through counsel, Antuanya "Bo" DeBose, and Respondent Home Warranty Administrator of Oklahoma, Inc. d/b/a Choice Home Warranty ("Respondent"), by and through counsel, Brian S. Tretter, and agree to entry of this Order.

JURISDICTION

The parties stipulate to the following:

1. Glen Mulready is the Insurance Commissioner of the State of Oklahoma and, as such, is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101-7401, including the Oklahoma Home Service Contract Act, 36 O.S. §§ 6750 - 6755.
2. Respondent Home Warranty Administrator of Oklahoma, Inc. d/b/a Choice Home Warranty ("Respondent") is registered as a home service contract provider in the State of Oklahoma, holding SBS number 512409500. Respondent's address of record is 90 Washington Valley Road, Bedminster, NJ 07921.
3. The Insurance Commissioner has jurisdiction over the subject matter raised in this dispute and may issue penalties pursuant to 36 O.S. §6755.

4. This Insurance Commissioner, pursuant to 36 O.S. § 319, has appointed an independent hearing examiner who shall sit as a quasi-judicial officer.
5. Informal disposition of this matter may be made by agreed settlement pursuant to 75 O.S. §309(E).

FINDINGS OF FACT

1. Pursuant to 36 O.S. §6754(G), service contracts "shall specify the merchandise and services to be provided and any limitations, exceptions, or exclusions."
2. On or about June 2, 2022, the Consumer Assistance Division of the Oklahoma Insurance Department ("OID") received a complaint from Ken Lee ("Mr. Lee") alleging Respondent improperly denied his claim.
3. On or about May 17, 2022, Mr. Lee filed a claim with Respondent for an air conditioner issue. On May 20, 2022, Respondent assigned the matter to contractor Crawford Heating and Air ("Crawford"), who arrived at Mr. Lee's home and proceeded to evaluate the air conditioner unit. Crawford determined the air conditioner had no pressure and contacted Respondent for authorization to perform a leak test. Respondent denied authorization for the leak test.
4. Respondent issued a letter denying Mr. Lee's claim due to "rust and corrosion" despite failing to state rust and corrosion as a limitation, exception, or exclusion to Mr. Lee's home service contract pursuant to 36 O.S. §6754(G).
5. Mr. Lee's copy of his home service contract does not list "rust and corrosion" as a limitation, exception, or exclusion, but his prior home service contract did have an exclusion for rust and corrosion.
6. In its denial letter, Respondent states that under BPA guidelines, an air conditioning system that is reported to be more than 10-15% low on refrigerant must have a leak search performed to locate the failed component to repair. Crawford determined that the air conditioner unit was low on refrigerant, which made it unable to cool the home properly, but again did not conduct a leak test due to Respondent's denial of authorization to do so.

7. Although it is able to provide a copy of the policy form containing the exclusion, Respondent is unable to provide a copy of Mr. Lee's contract showing "rust and corrosion" as a limitation, exception, or exclusion to Mr. Lee's home service contract.

8. Pursuant to 36 O.S. §6755(B), "[t]he Commissioner may take action which is necessary or appropriate to enforce the provisions of the Oklahoma Home Service Contract Act and the orders of the Commissioner and to protect service contract holders in this state."

9. Pursuant to 36 O.S. §6755(B)(3), "[a] person who is found to have violated the Oklahoma Home Service Contract Act or orders or rules of the Commissioner may be assessed a civil penalty in an amount determined by the Commissioner of not more than Five Hundred Dollars (\$500.00) per violation and no more than Ten Thousand Dollars (\$10,000.00) in the aggregate for all violations of a similar nature."

CONCLUSIONS OF LAW

10. Respondent has violated 36 O.S. §6754(C) by denying Mr. Lee's proper claim regarding his air conditioner due to "rust and corrosion," while failing to specify in Mr. Lee's home service contract that "rust and corrosion" is a limitation, exception or exclusion.

ORDER

IT IS THEREFORE ORDERED by the Insurance Commissioner and **AGREED** to by the Respondent that Respondent is **CENSURED** and **FINED** Five Hundred Dollars (\$500.00). The fine shall be paid within thirty (30) days from the date of this Agreed Order and made payable to the Oklahoma Insurance Department located at 400 NE 50th Street, Oklahoma City, Oklahoma 73105. Failure to comply with a proper order of the Commissioner will result in further administrative action.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED by the Insurance Commissioner that the Respondent shall ensure its home service contracts specify any limitations, exceptions, or exclusions that are a basis for the denial of a claim.

WITNESS My Hand and Official Seal this 1 ^{December} day of ~~October~~ 2022.



GLEN MULREADY
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

Stephen Mathis
Stephen Mathis

HEARING EXAMINER
AGREED AS TO FORM

A. DeBose
Antuanya "Bo" DeBose
ASSISTANT GENERAL COUNSEL

Brian S. Trotter
Brian S. Trotter
ATTORNEY FOR RESPONDENT

CERTIFICATE OF MAILING

I, Antuanya "Bo" DeBose, hereby certify that a true and correct copy of the above and foregoing Agreed Order was mailed by first class U.S. Mail and by certified mail with postage prepaid and return receipt requested on this 2 ^{December} day of ~~October~~ 2022 to:

Home Warranty Administrator of Oklahoma, Inc.
Attn: Choice Home Warranty
99 Washington Valley Road
Bedminster, NJ 07921
tlb@homewarrantyadministrators.com

CERTIFIED MAIL NO:
9214 8902 0982 7500 0505 60

Brian S. Trotter
General Counsel for Choice Home Warranty
2147 Route 27 South, 4th Floor
Edison, NJ 08817
btrotter@choicehomewarranty.com and that a copy was delivered to:

CERTIFIED MAIL NO:
9214 8902 0982 7500 0505 77

RIS Division and Consumer Assistance Division

A. DeBose
Antuanya "Bo" DeBose