

STATE OF OKLAHOMA

2nd Session of the 43rd Legislature (1992)

HOUSE BILL NO. 2367

BY: APPLE

AS INTRODUCED

AN ACT RELATING TO INSURANCE; AMENDING 36 O.S. 1991, SECTION 902.2, WHICH RELATES TO FACTORS FOR REVIEWING RATE FILINGS; AUTHORIZING RISKS TO BE GROUPED BY CLASSIFICATIONS; AUTHORIZING THE MODIFICATION OF CLASSIFICATION RATES TO PRODUCE RATE FOR INDIVIDUAL RISKS; PROVIDING FOR CERTAIN STANDARDS; PROVIDING FOR APPLICATION OF CLASSIFICATIONS AND MODIFICATIONS; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. AMENDATORY 36 O.S. 1991, Section 902.2, is amended to read as follows:

Section 902.2 A. The Board when reviewing a filing shall give due consideration to the following when, in its discretion, it determines that such factor or factors are applicable:

1. Past loss experience within and outside this state;
2. Prospective loss experience within and outside this state;
3. Physical hazards insured;
4. Safety and loss prevention programs;
5. Underwriting practices and judgment;
6. Catastrophe hazards;

7. Reasonable underwriting profit and contingencies;
8. Dividends, savings or unabsorbed premium deposits allowed or returned to policyholders;
9. Past expenses within and outside this state;
10. Prospective expenses within and outside this state;
11. Existence of classification rates for a given risk;
12. Investment income within and outside this state;
13. Rarity or peculiarity of the risks within and outside this state;
14. All other relevant factors within and outside this state;
15. In the case of fire insurance rates, consideration shall be given to the experience of the fire insurance business in this state for not less than the previous five (5) years; and
16. Whether existing rates continue to meet the standards of this article.

B. The Board shall determine the weight to be accorded each of the factors contained in subsection A of this section.

C. Past or prospective expenses within or outside this state pursuant to paragraphs 9 and 10 of subsection A of this section shall not include prohibited expenses for advertising or prohibited expenses for membership in organizations.

1. For the purpose of this subsection:

- a. "prohibited expenses for advertising" means the cost of advertising in any media the purpose of which is to influence legislation or to advocate support for or opposition to a candidate for public office;
- b. "prohibited expenses for advertising" shall not mean:
  - (1) any communication to customers and the public of information regarding an insurer's insurance products,

- (2) any communication to customers and the public of safety, safety education or loss prevention information,
- (3) periodic publications or reports to stockholders or members required by the certificate or bylaws of the insurer,
- (4) any communication with customers and the public which provides instruction in the use of the insurer's products and services, or
- (5) any communication with customers and the public for giving notice or information required by law or otherwise necessary;

c. "prohibited expenses for membership" means the cost of membership in any organization which conducts substantial efforts, including but not limited to prohibited expenses for advertising, the purpose of which is to influence legislation or to advocate support for or opposition to a candidate for public office; and

d. "prohibited expenses for membership" shall not mean the cost of membership in rating organizations or other organizations the primary purpose of which is to provide statistical information on losses.

2. The Board shall promulgate rules and regulations for the implementation of this subsection.

D. Risks may be grouped by classifications for the establishment of rates and minimum premiums. Classification rates may be modified to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any difference among risks that can be demonstrated to have a probable effect upon losses or expenses. Such classifications and

modifications shall apply to all risks under the same or  
substantially the same circumstances or conditions.

SECTION 2. This act shall become effective September 1, 1992.

43-2-6946

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