

ENROLLED HOUSE

RESOLUTION NO. 1003 By: Hastings, Thornbrugh, Weese, Perry and Phillips

A Resolution creating the Special Committee to Study the Oklahoma State Insurance Fund; providing for composition of the Committee; providing for selection of Chair and Vice Chair; providing for powers and duties of the Committee; providing for staff assistance; providing for certain information and assistance by state agencies; requiring report of findings; and directing distribution.

WHEREAS, in 1933, the Oklahoma State Legislature created the Oklahoma State Insurance Fund for the purpose of providing workers' compensation insurance to state, city, county and private sector employers; and

WHEREAS, in providing workers' compensation insurance for private employers, the State Insurance Fund was created as the "insurer of last resort", functioning as a state assigned risk pool, and was mandated by law to accept all applicants without regard to their size, loss experience, risk or profitability; and

WHEREAS, as a nonprofit, self-supporting governmental state agency, the State Insurance Fund is exempt from many of the laws which govern private insurance companies; and

WHEREAS, rates of the State Insurance Fund have attracted many new entities to the State Insurance Fund and have played a major role in the State Insurance Fund's ability to increase its workers' compensation market share from 21% in 1981, which covered \$56.5 million in written premiums, to 49% in 1993, which encompassed \$297 million in written premiums; and

WHEREAS, this growth in new business has transformed the State Insurance Fund from an insurer of last resort to a dominant workers' compensation insurer in the state; and

WHEREAS, questions concerning the State Insurance Fund's solvency have surfaced following a recent actuarial analysis of the financial condition of the State Fund by the State Insurance Department, which stated that the State Insurance Fund's liabilities, as of December 31, 1993, exceeded its assets by the amount of \$1,032,562 and it was thereby insolvent on a statutory basis pursuant to Section 1901 of Title 36 of the Oklahoma Statutes; and

WHEREAS, such deficit, if confirmed, could have a serious adverse impact on the state's business climate and damage greatly future economic development in Oklahoma.

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE 1ST SESSION OF THE 45TH OKLAHOMA LEGISLATURE:

THAT there is hereby created a Special Committee to Study the Oklahoma State Insurance Fund. The Committee shall be composed of twelve (12) members to be appointed as follows:

1. Seven legislators who are appointed on a bipartisan basis by the Speaker of the House of Representatives;
2. One administrator from a private workers' compensation insurer who is appointed by the Speaker of the House of Representatives;

3. One person who is knowledgeable of the actuarial standards used to evaluate workers' compensation insurance companies and who is appointed by the State Insurance Commissioner;

4. One person who owns a small business and who is insured with the State Insurance Fund. Such person shall be appointed by the Chair of the Board of Managers of the State Insurance Fund;

5. The State Auditor and Inspector or designee; and

6. The State Finance Director or designee.

THAT the Chair and Vice Chair of the Committee shall be appointed by the Speaker of the House of Representatives from among the legislative members of the Committee.

THAT the legislative members of the Committee be voting members. Nonlegislative members of the Committee shall be nonvoting members.

THAT the Committee shall be charged with the following responsibilities:

1. To examine the historical, current and future financial condition of the State Insurance Fund;

2. To examine all of the operations of the State Insurance Fund including, but not limited to, personnel, investment practices, underwriting, management, accounting, claims administration and legal services;

3. To examine the historical, current and changing role of the State Insurance Fund in writing workers' compensation insurance; and

4. To make recommendations based on the Committee's examination of the State Insurance Fund.

THAT the Committee shall have authority to request from the Speaker of the House of Representatives staff assistance or professional expertise as deemed necessary by the Committee to ensure proper performance of the duties and responsibilities of the Committee.

THAT all agencies, boards, commissions, departments or offices of this state and task forces, compacts, offices or other entities sponsored by the government of this state shall make available to the Committee any facts, information, data or staff assistance requested by the Committee and cooperate with the Committee to carry out its duties pursuant to the provisions of this resolution.

THAT the Committee shall submit a report by January 1, 1996, of its findings and recommendations to the Speaker of the House of Representatives and shall provide for distribution of the report to the Commissioner of the State Insurance Fund and to the Board of Managers of the State Insurance Fund.

THAT copies of this resolution shall be distributed to the State Insurance Department and the Board of Managers of the State Insurance Fund.

Adopted by the House of Representatives the 7th day of March, 1995.

Speaker of the House of
Representatives