

By: Brown of the Senate
and
Eddins of the House

An Act relating to insurance; amending 36 O.S. 1991, Sections 1806 and 1914, which relate to supervision and conservation of and delinquency proceedings involving insurance companies; prohibiting employment of and contracts with persons related to the Insurance Commissioner; making penalties cumulative; making Insurance Commissioner personally liable for payments in violation of certain prohibitions; excluding prohibited transactions from immunity and indemnity provisions; and providing an effective date.

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

SECTION 1. AMENDATORY 36 O.S. 1991, Section 1806, is amended to read as follows:

Section 1806. A. The Insurance Commissioner is hereby prohibited from appointing as supervisor or conservator during any period of supervision or conservatorship:

1. Any current or former officer, director, or employee of the insurer; ~~nor shall any of said persons serve and~~

2. Any person who is related to the Commissioner within the third degree of consanguinity or affinity.

B. The Commissioner is hereby prohibited from appointing as attorney for the insurer during ~~such~~ any period of supervision or conservatorship:

1. Any current or former officer, director, or employee of the insurer; and

2. Any person who is related to the Commissioner within the third degree of consanguinity or affinity.

C. In addition to any penalty otherwise provided by law, for violation of a prohibition contained in this section, the

Commissioner shall be personally liable for any payments made to the person and shall not be eligible for the protections provided in Section 1937 of this title.

SECTION 2. AMENDATORY 36 O.S. 1991, Section 1914, is amended to read as follows:

Section 1914. A. Whenever under this article of this title a receiver is to be appointed in delinquency proceedings for a domestic or alien insurer, the court shall appoint the Insurance Commissioner as ~~such~~ the receiver. The court shall order the Insurance Commissioner forthwith to take possession of the assets of the insurer and to administer the same under the orders of the court.

B. As domiciliary receiver, the Insurance Commissioner shall be vested by operation of law with the title to all of the property, contracts, and rights of action and all of the books and records of the insurer, wherever located, as of the date of entry of the order directing ~~him~~ the Commissioner to rehabilitate or liquidate a domestic insurer or to liquidate the United States branch of an alien insurer domiciled in this state, and ~~he~~ the Commissioner shall have the right to recover the same and reduce the same to possession; except that ancillary receivers in reciprocal states shall have, as to assets located in their respective states, the rights and powers which are herein prescribed for ancillary receivers appointed in this state as to assets located in this state.

C. The recording of a certified copy of the order directing possession to be taken in the office of the county clerk of the county where the proceedings are pending shall impart the same notice as would be imparted by a deed, bill of sale, or other evidence of title duly recorded or filed.

D. The Insurance Commissioner as domiciliary receiver shall be responsible for the proper administration of all assets coming into

~~his~~ the Commissioner's possession or control. The court may at any time require a bond from ~~him or his~~ the Commissioner or any assistants or deputies if deemed desirable for the protection of ~~such~~ the assets.

E. Upon taking possession of the assets of an insurer, the domiciliary receiver shall, subject to the direction of the court, immediately proceed to conduct the business of the insurer or to take such steps as are authorized by this article for the purpose of rehabilitating, liquidating, or conserving the affairs or assets of the insurer.

F. 1. In connection with delinquency proceedings, the Insurance Commissioner may appoint one or more assistant commissioners to act for ~~him~~ the Commissioner and may employ such counsel, clerks, and assistants as ~~he deems~~ are deemed necessary. The compensation of the assistant commissioners, counsel, clerks, or deputies and all expenses of taking possession of the insurer and of conducting the proceedings shall be fixed by the receiver, subject to the approval of the court, and shall be paid out of the funds or assets of the insurer. Within the limits of duties imposed upon them, assistant commissioners shall possess all the powers given to the receiver and, in the exercise of those powers, shall be subject to all of the duties, powers, and limitations imposed upon the receiver with respect to such proceedings.

2. The Commissioner, as receiver, is prohibited from appointing any person who is related to the Commissioner within the third degree of consanguinity or affinity. Any appointment in violation of this paragraph is void.

3. The Commissioner, as receiver, is prohibited from entering into any contract with any person who is related to the Commissioner within the third degree of consanguinity or affinity. Any contract in violation of this paragraph is void.

4. For violation of a prohibition contained in this subsection, the Commissioner shall be personally liable for any payments made to the person and shall not be eligible for the protections provided in Section 1937 of this title.

SECTION 3. This act shall become effective November 1, 2000.

Passed the Senate the 13th day of March, 2000.

President of the Senate

Passed the House of Representatives the ____ day of _____,
2000.

Speaker of the House of
Representatives