

Wednesday, February 9, 2000

House Bill No. 2159

As Amended

HOUSE BILL NO. 2159 -- By NANCE of the House and FAIR of the Senate.

An Act relating to Insurance; amending 36 O.S. 1991, Section 613, which relates to deposit requirements; modifying scope of application; authorizing the Insurance Commissioner to require that an amount of money in excess of the statutory requirement be deposited in trust under certain circumstances; and providing an effective date.

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

SECTION 1. AMENDATORY 36 O.S. 1991, Section 613, is amended to read as follows:

Section 613. A. ~~Any insurance company which~~ Except as provided in subsection C of this section, any insurer that incorporates or is authorized initially to transact the business of insurance in Oklahoma after the effective date of this act shall not be issued a certificate of authority by the Insurance Commissioner unless it has deposited in trust with the State Treasurer through the Insurance Commissioner's office cash or securities eligible for the investment of capital funds of domestic insurers under this Code in an amount not less than Three Hundred Thousand Dollars (\$300,000.00). The Insurance Commissioner may require a greater amount to be deposited in trust if the Insurance Commissioner finds that a greater amount is warranted for the protection of the policyholders of the insurer **PURSUANT TO RULES PROMULGATED BY THE INSURANCE COMMISSIONER.**

B. The Insurance Commissioner shall not issue a certificate of authority to any insurer ~~which~~ that incorporated or was initially authorized to transact the business of insurance in Oklahoma prior to the effective date of this act unless it has deposited in trust with the State Treasurer through the Insurance Commissioner's office cash or securities eligible for the investment of capital funds of domestic insurers under this Code in an amount not less than the surplus in regard to policyholders, or net admitted assets (if a Lloyd's association) required pursuant to this Code to be maintained for authority to transact the kinds of insurance to be transacted, except that in the case of life and/or accident and health insurers the deposit shall be in the amount of One Hundred Thousand Dollars (\$100,000.00), ~~and except that,~~

C. 1. As to domestic title insurers, the deposit shall be as required by Article 50 (Title Insurers).

2. As to foreign insurers, in lieu of such deposit or part thereof in this state, the Insurance Commissioner may accept the current certificate in proper form of the public official having supervision over insurers in any other state to the effect that

a like deposit or part thereof by such insurer is being maintained in public custody in such state in trust for the purpose, among other reasonable purposes, of protection of all the insurer's policyholders or of all its policyholders and creditors.

3. As to alien insurers, other than title insurers, in lieu of such deposit or part thereof in this state, the Insurance Commissioner may accept the certificate of the official having supervision over insurance of another state in the United States, given under his hand and seal, that the insurer maintains within the United States by way of deposits with public depositories, or in trust institutions within the United States approved by such official, assets available for discharge of its United States insurance obligations, which assets shall be in amount not less than the outstanding liabilities of the insurer arising out of its insurance transactions in the United States, together with the largest deposit required by this Code to be made in this state by any type of domestic insurer transacting like kinds of insurance.

~~C. D.~~ Any securities deposited by insurers shall be issued to the Insurance Commissioner and the insurer and shall not be released by any company holding such security without the signatures of the Insurance Commissioner and the authorized ~~insurance company~~ insurer's personnel. Failure of any company holding such security to comply with this subsection may result, after hearing by the proper licensing authority, in a fine of not more than Twenty-five Thousand Dollars (\$25,000.00) per occurrence.

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