STATE OF OKLAHOMA

2nd Session of the 47th Legislature (2000)

SENATE BILL 1454 By: Henry

AS INTRODUCED

An Act relating to insurance; amending Section 22, Chapter 349, O.S.L. 1993, and 36 O.S. 1991, Section 902.1, as amended by Sections 32 and 33, Chapter 418, O.S.L. 1997 (36 O.S. Supp. 1999, Section 901.5 and 902.1), which relate to insurance rates and rating; requiring approval of specified filings of rating organizations by the State Board for Property and Casualty Rates; requiring specified filings by largest workers' compensation insurers as determined by the Insurance Commissioner; reducing range of premium rates which may be charged without prior approval from the State Board for Property and Casualty Rates; providing for duration of specified filings; providing for transition to new requirements; and providing an effective date.

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

SECTION 1. AMENDATORY Section 22, Chapter 349, O.S.L. 1993, as amended by Section 32, Chapter 418, O.S.L. 1997 (36 O.S. Supp. 1999, Section 901.5), is amended to read as follows:

Section 901.5 A. 1. Rating organizations shall develop and file for approval with the Insurance Commissioner and the State Board for Property and Casualty Rates, in accordance with the provisions of this section, a filing containing advisory prospective loss costs and supporting actuarial and statistical data for workers' compensation insurance.

2. Beginning November 1, 2000, each of the twenty (20) largest workers' compensation insurers in this state as determined by the Insurance Commissioner, shall develop and file for approval with the Insurance Commissioner and the State Board for Property and Casualty Rates, in accordance with the provisions of this section, a filing

containing prospective loss costs and supporting actuarial and statistical data for workers' compensation insurance.

B. Each insurer shall individually file ~~their~~ its own specific profit and expense factors used to determine the final rates it will file for approval and the effective date of any rate changes.

~~B.~~ C. As used in this section:

1. "Expenses" means that portion of a rate attributable to acquisition, field supervision, collection expenses, general expenses, taxes, licenses and fees;

2. "Rate" means the cost of insurance per exposure unit, whether expressed as a single number or as a prospective loss cost with an adjustment to account for the treatment of expenses, profit and variations in loss experience, prior to any application of individual risk variations based on loss or expense considerations, and does not include minimum premiums; and

3. "Prospective loss costs" means that portion of a rate that does not include provision for expenses (other than loss adjustment expenses) or profit, and is based on historical aggregate losses and loss adjustment expenses adjusted through development to its ultimate value and projected through trending to a future point in time.

SECTION 2. AMENDATORY 36 O.S. 1991, Section 902.1, as amended by Section 33, Chapter 418, O.S.L. 1997 (36 O.S. Supp. 1999, Section 902.1), is amended to read as follows:

Section 902.1 A. No property or casualty insurer, other than a worker's compensation insurer, shall increase or decrease a filed rate by more than fifteen percent (15%), inclusive of any rate adjustments, add-ons, deductibles or deviations, without prior approval from the State Board for Property and Casualty Rates, pursuant to the request for rate approval required in Article 9 of the Insurance Code. Any such rate shall remain in effect as provided in subsection F of Section 903 of this title.

B. 1. On and after September 1, 2000, no insurer in this state may issue or renew a policy of workers' compensation insurance in this state the premium for which, including any rate adjustments, add-ons, deductibles or deviations, is more than its filed rate or more than fifteen percent (15%) below its filed rate without the approval of the State Board for Property and Casualty Rates, pursuant to the request for rate approval required in Article 9 of the Insurance Code. Any such rate shall remain in effect as provided in subsection F of Section 903 of this title.

2. On and after July 1, 2001, no insurer in this state may issue or renew a policy of workers' compensation insurance in this state the premium for which, including any rate adjustments, add-ons, deductibles or deviations, is more than its filed rate or more than ten percent (10%) below its filed rate without the approval of the State Board for Property and Casualty Rates, pursuant to the request for rate approval required in Article 9 of the Insurance Code. Any such rate shall remain in effect as provided in subsection F of Section 903 of this title.

3. On and after January 1, 2002, no insurer in this state may issue or renew a policy of workers' compensation insurance in this state the premium for which, including any rate adjustments, add-ons, deductibles or deviations, is more than its filed rate or more than five percent (5%) below its filed rate without the approval of the State Board for Property and Casualty Rates, pursuant to the request for rate approval required in Article 9 of the Insurance Code. Any such rate shall remain in effect as provided in subsection F of Section 903 of this title.

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

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