

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

HOUSE BILL 2375

By: Newport

AS INTRODUCED

An Act relating to insurance; amending 36 O.S. 2001, Section 1106, which relates to surplus lines; defining term; and providing an effective date.

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

SECTION 1. AMENDATORY 36 O.S. 2001, Section 1106, is amended to read as follows:

Section 1106. If the amount of insurance required to protect the interest of the assured cannot be procured from authorized insurers, such amount, hereinafter designated as "surplus line", may be procured from unauthorized insurers subject to the following conditions:

1. The unauthorized insurer must have a certificate of approval from the Commissioner, and meet all relevant statutory requirements, including the following:

- a. the insurer is financially stable, and
- b. the insurer is controlled by persons possessing competence, experience and integrity, and
- c. the insurer, if a foreign insurer, posts a special deposit in an amount to be determined by the Commissioner, or
- d. the insurer, if an alien insurer, is listed on the National Association of Insurance Commissioners Non-Admitted Insurers Quarterly Listing.

The Commissioner may withdraw a certificate of approval or refuse to renew a certificate upon finding that the insurer no longer meets the criteria for approval set out herein;

2. The insurance must be procured through a licensed surplus line broker, hereinafter in this article referred to as the "broker"; and

3. The amount of insurance required to protect the interest of the assured is not procurable, after diligent effort has been made to do so, from a majority of the insurers accessible to the broker which are authorized to transact that kind and class of insurance in this state, and the placing of insurance with an unauthorized insurer must not be for the purpose of securing advantages either as to premium rate or terms of the insurance contract. For the purposes of this paragraph, the words "not procurable" mean the producer or broker need only show that insurance of the kind and class is not procurable from a majority of the insurers that are accessible to the agent or broker and that are authorized to transact that kind and class of insurance in this state. If the insurance cannot be obtained from a majority of authorized insurers, the insurance is "not procurable" and the insurance may be acquired from an unauthorized insurer.

SECTION 2. This act shall become effective November 1, 2006.

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