SENATE FLOOR VERSION
April 2, 2012

ENGROSSED HOUSE
BILL NO. 2318 By: Key and Ritze of the House

and

Shortey of the Senate

An Act relating to insurance; amending 36 O.S. 2011, Section 309.2, which relates to authority of the Insurance Commissioner to perform certain examinations; modifying frequency of examinations; authorizing Commissioner to adopt certain rules; and providing an effective date.

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

SECTION 1. AMENDATORY 36 O.S. 2011, Section 309.2, is amended to read as follows:

Section 309.2 A. The Insurance Commissioner or an examiner may conduct an examination, including a financial and market conduct examination, under Sections 309.1 through 309.7 of this title of any company as often as the Commissioner deems appropriate but shall at a minimum, conduct a financial examination of every domestic insurer licensed in this state not less frequently than once every ~~three (3)~~ <u>five (5)</u> years. The Commissioner shall, at a minimum, conduct or cause to be conducted a financial examination of every foreign insurer licensed in this state not less frequently than once every

five (5) years. The Commissioner may accept examinations conducted by other states on foreign insurers domiciled in such states pursuant to subsection ~~C~~ D of this section. In scheduling and determining the nature, scope and frequency of the examinations, the Commissioner shall consider such matters as the results of financial statement analyses and ratios, changes in management or ownership, actuarial opinions, reports of independent certified financial examiners or public accountants and other criteria as set forth in the Examiners' Handbook adopted by the National Association of Insurance Commissioners and in effect when the Commissioner exercises discretion under this subsection. The Commissioner may also make examinations upon the request of one or more persons pecuniarily interested therein, who shall make affidavit of their belief, with specifications of their reasons therefor, that the company is in an unsound condition.

B. The Commissioner may adopt rules setting forth criteria and informing domestic insurers of those factors which may contribute to the Commissioner requiring the financial examination of an insurer prior to the end of the five-year-examination requirement provided in subsection A of this section.

C. For purposes of completing an examination of any company under Sections 309.1 through 309.7 of this title, the Commissioner may examine or investigate any person, or the business of any person, insofar as such examination or investigation is, in the sole

discretion of the Commissioner, necessary or material to the examination of the company.

~~C.~~ D. In lieu of an examination under Sections 309.1 through 309.7 of this title of any foreign or alien insurer licensed in this state, the Commissioner may accept an examination report on such company as prepared by the insurance department for the company's state of domicile or port-of-entry state if:

1. The insurance department was at the time of the examination accredited under the National Association of Insurance Commissioners' Financial Regulation Standards and Accreditation Program; or

2. The examination is performed with the participation of one or more examiners who are employed by an accredited state insurance department and who, after a review of the examination work papers and report, state under oath that the examination was performed in a manner consistent with the standards and procedures required by their insurance department.

~~D.~~ E. The Commissioner may authorize any employee of the Insurance Department to exercise the Commissioner's authority under Sections 309.1 through 309.7 of this title.

SECTION 2. This act shall become effective November 1, 2012.

COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT & INSURANCE, dated 3-29-12 - DO PASS.