

BILL SUMMARY
1st Session of the 53rd Legislature

Bill No.:	HB 1046
Version:	Introduced
Request Number:	5658
Author:	Rep. Faught
Date:	2/28/2011
Impact:	Pending

Research Analysis

HB 1046, as introduced, abolishes CompSource Oklahoma as a state agency; requiring the conversion of CompSource Oklahoma (CSO) to a mutual insurance company, to be known as the Oklahoma Mutual Insurance Company (OMI). The measure allows employees of CSO to continue employment with OMI, though classified employees may remain state employees if possible, through a plan developed by the Office of Personnel management. The measure removes the cap for full-time employees for the Board of Managers of the State Insurance Fund (aka CompSource Oklahoma) and removes the salary limitations for the CEO.

The measure authorizes CSO to operate as a domestic mutual insurance company. The Insurance Commissioner is required to issue a certificate of authority to OMI to write workers' compensation insurance, provided OMI complies with current law. The CEO of CSO is charged with the transition process. OMI is allowed to remain where CSO currently offices, but much purchase or lease any state-owned property.

OMI is required to serve as a competitor in the market; guarantee the availability of workers' compensation coverage in Oklahoma; and provide continuing coverage for volunteer firefighters. OMI is subject to the Oklahoma Open Meeting act and the Oklahoma Open Records Act, with some exception.

The measure provides for an appeal process for refusal of coverage. OMI may not be dissolved and must maintain its principal office in Oklahoma County. The measure creates a Board of Directors for OMI, with five members to be appointed by the Governor upon consent of the Senate and four members to be elected by OMI's policyholders.

The measure authorizes the Board of Directors full governing power over OMI to provide for delivery of workers' compensation insurance, propose rates, and exercise necessary authority. The measure requires the Board to hire an internal auditor, a President, and engage an independent actuary.

OMI is required to develop and implement a program to identify and investigate workers' compensation fraud. OMI is also required to pay premium taxes, maintenance taxes, and other applicable taxes for a domestic mutual insurance company. OMI is also required to be a member of the Oklahoma Life and Health Insurance Guaranty Association and make reports to the Insurance Commissioner as required for other workers' compensation insurance carriers.

The measure requires that each debt, claim, and cause of action of CSO, and each property right, privilege, franchise, or other interest of CSO shall remain the property of OMI. The CSO Board of Managers shall serve as the initial Board of Directors for OMI, and the current premium rates for CSO shall be the initial premium rates for OMI.

Finally, the measure repeals sections of law creating CSO, its Board, funds, and authority.

Prepared By: Andrea Merten

Fiscal Analysis

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Other Considerations

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