

1 STATE OF OKLAHOMA

2 2nd Session of the 54th Legislature (2014)

3 COMMITTEE SUBSTITUTE
4 FOR
5 SENATE BILL NO. 1873

By: Sparks

6
7 COMMITTEE SUBSTITUTE

8 An Act relating to Insurance; amending 36 O.S. 2011,
9 Section 1106, as last amended by Section 2, Chapter
10 365, O.S.L. 2012 (36 O.S. Supp. 2013, Section 1106),
11 which relates to surplus lines insurers; modifying
12 certain requirements permitting procurement of
13 insurance through surplus lines brokers; and
14 providing an effective date.

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

16 SECTION 1. AMENDATORY 36 O.S. 2011, Section 1106, as
17 last amended by Section 2, Chapter 365, O.S.L. 2012 (36 O.S. Supp.
18 2013, Section 1106), is amended to read as follows:

19 Section 1106. If insurance required to protect the interest of
20 the insured for the amount of insurance, coverage terms and solvency
21 requirements of the insured cannot be procured from admitted
22 insurers after ~~direct~~ inquiry in the market available to the broker
23 ~~to authorized insurers,~~ then insurance may be procured from surplus
24 lines insurers subject to the following conditions:

1 1. The surplus lines insurer shall meet the requirements of the
2 Unauthorized Insurers and Surplus Lines Insurance Act and the
3 following conditions:

4 a. the insurer has capital and surplus or its equivalent
5 under the laws of its domiciliary jurisdiction which
6 equals the greater of:

7 (1) the minimum capital and surplus requirements
8 under the laws of this state for nonadmitted
9 insurers, or

10 (2) Fifteen Million Dollars (\$15,000,000.00),

11 b. the requirements of subparagraph a of this paragraph
12 may be satisfied by an insurer's possessing less than
13 the minimum capital and surplus upon an affirmative
14 finding of acceptability by the Insurance
15 Commissioner. The finding shall be based upon such
16 factors as quality of management, capital and surplus
17 of any parent company, company underwriting profit and
18 investment income trends, market availability and
19 company record and reputation within the industry. In
20 no event shall the Insurance Commissioner make an
21 affirmative finding of acceptability when the
22 nonadmitted insurer's capital and surplus is less than
23 Four Million Five Hundred Thousand Dollars
24 (\$4,500,000.00), and

1 c. the insurer, if an alien insurer, is listed on the
2 National Association of Insurance Commissioners
3 Nonadmitted Insurers Quarterly Listing; and

4 2. The insurance shall be procured through a licensed surplus
5 lines licensee or broker licensed in the insurer's home state. An
6 Oklahoma surplus lines license is required only where Oklahoma is
7 the home state of the insurer.

8 For the purposes of carrying out the provisions of the
9 Nonadmitted and Reinsurance Reform Act of 2010, the Insurance
10 Commissioner is authorized to utilize the national insurance
11 producer database of the National Association of Insurance
12 Commissioners, or any other equivalent uniform national database,
13 for the licensure of an individual or entity as a surplus lines
14 licensee or broker and for renewal of such license.

15 SECTION 2. This act shall become effective November 1, 2014.

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