

1 **SENATE FLOOR VERSION**

2 February 20, 2014

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 1873

By: Sparks of the Senate

and

Blackwell of the House

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9 [Insurance - surplus lines insurers - requirements -
10 effective date]

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

13 SECTION 1. AMENDATORY 36 O.S. 2011, Section 1106, as
14 last amended by Section 2, Chapter 365, O.S.L. 2012 (36 O.S. Supp.
15 2013, Section 1106), is amended to read as follows:

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

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

1 a. the insurer has capital and surplus or its equivalent
2 under the laws of its domiciliary jurisdiction which
3 equals the greater of:

4 (1) the minimum capital and surplus requirements
5 under the laws of this state for nonadmitted
6 insurers, or

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

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

22 c. the insurer, if an alien insurer, is listed on the
23 National Association of Insurance Commissioners
24 Nonadmitted Insurers Quarterly Listing; and

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

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

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

13 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE
14 February 20, 2014 - DO PASS AS AMENDED

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