STATE OF OKLAHOMA

1st Session of the 54th Legislature (2013)

HOUSE BILL 2201 By: Shannon

AS INTRODUCED

An Act relating to workers' compensation; stating legislative findings and purpose; creating the CompSource Mutual Insurance Company Act; providing short title; defining terms; establishing CompSource Oklahoma as a mutual insurer; providing for organization of CompSource Mutual Insurance Company; providing duties and powers; providing statutory requirements and exemptions; providing that Company is not a state entity; providing for a Board of Directors; providing for composition and terms of office; providing for filling of vacancies; providing for initial Board; providing duties, power and authority of the Board of Directors; providing requirements for rates; providing immunity from liability for certain persons; providing duties, power and authority for the Company; making Company subject to premium taxes; requiring the Company to be a member of the Oklahoma Property and Casualty Guaranty Association; limiting liability of the Company for Guaranty Association assessments; providing for certain reports; providing for revenues, monies and assets of the Company; providing that the state has no liability or responsibility for the financial obligations of the Company; providing that the Company is a continuation of CompSource Oklahoma and providing for related duties and authority; providing for certain causes of action; providing for continuation of certain rates; providing for severability; providing that CompSource Oklahoma employees employed on the effective date of this act remain members of the Oklahoma Public Employees Retirement System; requiring CompSource Mutual Insurance Company to pay required employer contributions for such employees; providing that other employees are not allowed to be members of the

Oklahoma Public Employees Retirement System; providing for annual leave and sick leave; providing for service credit; amending 36 O.S. 2011, Section 902.3, which relates to calculation of workers' compensation premiums; eliminating the Board of Managers of CompSource Oklahoma from performance of certain duties; removing reference to CompSource Oklahoma from certain allocation; amending 36 O.s. 2011, Section 903.2, which relates to workplace safety plans; removing references to CompSource Oklahoma and its Board of Managers regarding certain prohibitions and procedure; amending 36 O.S. 2011, Section 924.2, which relates to workers' compensation insurance plans; removing references to CompSource Oklahoma and its officers; transferring certain duties to the Board of Directors of CompSource Mutual Insurance Company; removing certain requirements pertaining to CompSource Oklahoma; amending 36 O.S. 2011, Section 995, which relates the Property and Casualty Competitive Loss Cost Rating Act; excluding CompSource Mutual Insurance Company from certain requirements relating to joint underwriting; joint reinsurance pool and residual market activities; amending 36 O.S. 2011, Sections 1250.2, 1250.4, 1250.9, 1250.10, 1250.11 and 1250.13, which relate to the Unfair Claims Settlement Practices Act; modifying definition; removing references to the State Insurance Fund and its representatives; amending 36 O.S. 2011, Section 1442, which relates to the Third-party Administrator Act; modifying definition; amending 36 O.S. 2011, Section 6701, which relates to workplace safety services; removing references to the State Insurance Fund; amending 40 O.S. 2011, Sections 417 and 418, which relate to the Oklahoma Occupational Health and Safety Standards Act; removing references to CompSource Oklahoma, its officers and the State Insurance Fund; amending 47 O.S. 2011, Section 157.1, which relates to insurance coverage for certain state vehicles; removing reference to the State Insurance Fund; amending 74 O.S. 2011, Section 85.29, as amended by Section 750, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2012, Section 85.29), which relates to the Oklahoma Central Purchasing Act; removing references to CompSource Oklahoma officers; amending 74 O.S. 2011, Section 85.58A, as amended by Section 782, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2012, Section 85.58A),

which relates to the comprehensive professional risk management program; removing reference to CompSource Oklahoma; amending 74 O.S. 2011, Section 902, which relates to the Oklahoma Public Employees Retirement System; modifying definition; including certain employees of the CompSource Mutual Insurance Company; amending 74 O.S. 2011, Section 3601.1, which relates to full-time-equivalent employees; eliminating reference to Board of Managers of the State Insurance Fund and maximum allowable full-time-equivalent employees; amending 74 O.S. 2011, Section 3601.2, as amended by Section 1007, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2012, Section 3601.2), which relates to salaries of state chief executive officers; removing reference to and salary of chief executive officer of CompSource Oklahoma; amending 82 O.S. 2011, Section 1085.24, which relates to the purchase of certain certificates; removing the State Insurance Fund as a potential buyer; amending 85 O.S. 2011, Sections 308, 313, 328, 339, 352, 373, 375, 376, as amended by Section 1078, Chapter 304, O.S.L. 2012, 380, 396, 403, as amended by Section 1082, Chapter 304, O.S.L. 2012, 406 and 407 (85 O.S. Supp. 2012, Sections 376 and 403), which relate to the Workers' Compensation Code; modifying definitions; changing references from the State Insurance Fund to CompSource Mutual Insurance Company; removing CompSource Oklahoma duties regarding workplace medical plans; removing references to CompSource Oklahoma; clarifying references; exempting CompSource Oklahoma from certain provisions; changing references from CompSource Oklahoma to CompSource Mutual Insurance Company; providing for determination of Multiple Injury Trust Fund obligations by the Director; granting the board of Directors for CompSource Mutual Insurance Company the power to disapprove certain assessment rate; requiring the State Treasure to provide certain information to the Chief Executive Officer of CompSource Mutual Insurance Company; providing for a chief administrative officer for the Multiple Injury Trust Fund designated as the MITF Director; providing duties and powers of the MITF Director; repealing 74 O.S. 2011, Section 840-5.10, which relates to the designation of CompSource Oklahoma as a Merit System agency; repealing 76 O.S. 2011, Section 22, which authorizes CompSource Oklahoma to offer malpractice insurance and

reinsurance; repealing 85 O.S. 2011, Section 378, which relates to the Task Force on Privatization of CompSource Oklahoma; repealing 85 O.S. 2011, Sections 375, as amended by Section 43 of this act and as recodified by Section 54 of this act, 376, as last amended by Section 44 of this act and as recodified by Section 54 of this act, 377, 379, 381, 382, 384, as amended by Section 1079, Chapter 304, O.S.L. 2012, 385, 386, 387, as amended by Section 1080, Chapter 304, O.S.L. 2012, 388, 389, as amended by Section 1081, Chapter 304, O.S.L. 2012, 390, 391, 392, 393, 394, 395, 397, 400 and 401 (85 O.S. Supp. 2012, Sections 384, 387 and 389), which relate to CompSource Oklahoma; providing for codification; providing for noncodification; providing for recodification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

A. The Legislature finds that employers in Oklahoma would benefit from the privatization of CompSource Oklahoma in the form of mutualization. A primary purpose of the CompSource Mutual Insurance Company Act is to create a domestic mutual insurer that will provide, consistent with sound underwriting practices, assistance and competitively priced workers' compensation insurance and any related coverages.

B. A primary purpose of the CompSource Mutual Insurance Company Act is to modernize state government by transitioning the Company into a nongovernmental entity which continues to write and provide

workers' compensation and related coverages and can perform that service without relying on any funding from the taxpayers.

C. The interests of the state and the Oklahoma business community would be protected if CompSource Oklahoma's role as the guaranteed provider of workers' compensation insurance is preserved and the state retains the right to appoint a majority of the members of the board of CompSource Mutual Insurance Company.

D. The interests of the residents of the state, both employers and employees, will be best met by converting CompSource Oklahoma into a domestic mutual insurer.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.1 of Title 85, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "CompSource Mutual Insurance Company Act".

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.2 of Title 85, unless there is created a duplication in numbering, reads as follows:

As used in this act, the following words shall have the meanings indicated:

1. "Act" shall mean the CompSource Mutual Insurance Company Act;

2. "Chief Executive Officer" shall mean the President and Chief Executive Officer of CompSource Mutual Insurance Company. Effective

January 1, 2015, all references in the Oklahoma Statutes to the State Insurance Fund Commissioner, the Commissioner of the State Insurance Fund, or the CompSource Oklahoma President and Chief Executive Officer shall be deemed references to the President and Chief Executive Officer of CompSource Mutual Insurance Company;

3. "Company" shall mean CompSource Mutual Insurance Company; and

4. "Director" shall mean a member of the Board of Directors of CompSource Mutual Insurance Company.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.3 of Title 85, unless there is created a duplication in numbering, reads as follows:

A. Effective January 1, 2015, CompSource Oklahoma shall operate as, and exercise the powers of, a domestic mutual insurer without capital stock or shares, in accordance with Title 36 of the Oklahoma Statutes, and shall be called CompSource Mutual Insurance Company. The Insurance Commissioner shall approve the Company's articles of incorporation and issue a certificate of authority to the Company to write workers' compensation insurance, as provided by Title 36 of the Oklahoma Statutes, not later than August 1, 2014, which shall become effective January 1, 2015. The Chief Executive Officer of CompSource Oklahoma shall take any measure necessary to accomplish the transition from CompSource Oklahoma to CompSource Mutual Insurance Company.

B. The Company shall be organized as a corporation benefiting the citizens of Oklahoma by providing workers' compensation and related coverages which are competitively priced that generally benefit the public, but remain a financially independent entity that is neither more nor less than self-supporting.

C. The Company may provide related coverage which is incidental to workers' compensation insurance, including but not limited to coverage for risks under the Longshore and Harbor Workers' Compensation Act (33 U.S.C. Section 901 et seq.) and Title IV of the Federal Coal Mine Health and Safety Act of 1969 as amended by the Black Lung Benefits Act of 1972, as enacted or as may be amended by the Congress of the United States and other coverage related to employee and employment risks.

D. The Company shall provide worker's compensation insurance coverage for volunteer firefighters as provided in Section 380 of Title 85 of the Oklahoma Statutes, as amended by this act.

E. The Company shall be an insurance earner for purposes of the Workers' Compensation Code.

F. Except as otherwise provided in this act, the Company shall be subject to the requirements of Title 36 of the Oklahoma Statutes and all regulatory authority granted to the Insurance Commissioner as would any other domestic mutual insurance company.

G. The Company shall be exempt from the following provisions of Title 36 of the Oklahoma Statutes:

1. Article 9;

2. Article 9A, other than Section 924.2 of Title 36 of the Oklahoma Statutes; and

3. Article 9B.

H. CompSource Mutual Insurance Company shall not be considered a state agency, public body, department, public trust, or any other term used to describe an entity which is a part of the Executive Branch of the State of Oklahoma under any state statute or regulation, except as otherwise provided for in the CompSource Mutual Insurance Company Act. As such, Oklahoma state statutes that shall not apply to CompSource Mutual Insurance Company include, but are not limited to:

1. Sections 301 through 314 of Title 25, Oklahoma Open Meeting Act;

2. Sections 151 through 158.2 of Title 47, State-Owned Automobiles;

3. Sections 24A.1 through 24A.29 of Title 51, Oklahoma Open Records Act;

4. Sections 151 through 200 of Title 51, The Governmental Tort Claims Act;

5. Title 61 of the Oklahoma Statutes, Public Buildings and Public Works;

6. Title 62 of the Oklahoma Statutes, Public Finance;

7. Sections 3-101 through 3-115 of Title 65, Department of Libraries;

8. Sections 201 through 217 of Title 67, Records Management Act;

9. Sections 301 through 303 of Title 67, Reproduction of Public Records;

10. Sections 305 through 317 of Title 67, Archives and Records Commission;

11. Sections 82.1 through 97 of Title 73, Capitol Grounds and Surroundings;

12. Chapters 4, 8, 10, 13, 17, 19, 27A, 30, 31, 37, 37A, 37B, 38A, 38B, 45, 45A, 48, 49, 50, 53, 56, 61, 81 and 110A of Title 74; and

13. Section 34.2 of Title 80.

I. By enacting the CompSource Mutual Insurance Company Act, the Legislature creates CompSource Mutual Insurance Company which, subject to the provisions of this act:

1. Shall be organized and operated under Oklahoma law, but be independent of the State of Oklahoma;

2. Shall provide worker's compensation insurance to any employer in Oklahoma which seeks such insurance and meets other reasonable requirements relating thereto;

3. Shall not be permitted to dissolve; and

4. Shall have a majority of the Board of Directors or oversight body of such organization appointed by the Governor or legislative officers as specified in Section 5 of this act.

J. Effective January 1, 2015, any references in the Oklahoma Statutes to CompSource Oklahoma or The State Insurance Fund shall be deemed references to CompSource Mutual insurance Company.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.4 of Title 85, unless there is created a duplication in numbering, reads as follows:

A. CompSource Mutual Insurance Company shall be governed by a Board of Directors composed of ten (10) members, all of whom shall be citizens of the state. The Board of Directors shall be composed of:

1. The Lieutenant Governor or a designee;

2. The Governor's Secretary of Finance and Revenue or a designee;

3. One member appointed by the Governor;

4. One member appointed by the Speaker of the House of Representatives;

5. One member appointed by the President Pro Tempore of the Senate;

6. Four members shall be elected by the Company's policyholders; and

7. The Chief Executive Officer of the Company shall be an ex officio, nonvoting member.

B. Other than the Chief Executive Officer of the Company, the Lieutenant Governor or a designee, and the Secretary of Finance and Revenue or a designee, the members of the Board of Directors shall serve staggered six-year terms expiring July 1. An appointed or elected Director whose term has expired shall continue to serve until the Director's replacement is elected by the policyholders or appointed by the appointing authority, or until such time as the Director is reelected or reappointed, as applicable. If the Lieutenant Governor or Secretary of Finance and Revenue selects a designee, that designee shall continue to serve until the Lieutenant Governor or Secretary of Finance and Revenue replaces the designee or assumes their position on the Company's Board of Directors.

C. If an appointed Director's position becomes vacant, the officer who appointed the outgoing Director in subsection A of this section shall appoint a new Director to the Board. A vacancy in the elected Directors shall be filled as provided by the Company's bylaws. If a vacancy occurs before the date on which the vacating Director's term is set to expire, the successor Director shall be elected or appointed for a term to expire on the same date as the vacating Director's term.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.5 of Title 85, unless there is created a duplication in numbering, reads as follows:

A. The members of the Board of Managers of CompSource Oklahoma who are serving on the effective date of this act shall serve as the initial Board of Directors of CompSource Mutual Insurance Company. The terms of the initial Board members shall be extended from January 1, 2015, to July 1, 2015.

B. The Lieutenant Governor or a designee, Secretary of Finance and Revenue or a designee, one member appointed by the Governor, one member appointed by the Speaker of the House, and one member appointed by the President Pro Tempore of the Senate shall continue to serve on the Board of Directors of CompSource Mutual Insurance Company as provided in subsection D of this section. The other initial Board positions shall be converted to elected positions as provided in subsection C of this section.

C. On or before July 1, 2015, the Company shall hold its first meeting of the policyholders. At that meeting the policyholders shall elect four Directors. The method of election shall be specified in the Company's bylaws.

D. The initial terms of the Board of Directors of CompSource Mutual Insurance Company shall be as follows:

1. The terms of the Board member appointed by the Speaker of the House and the fourth member elected pursuant to subsection C of this section shall expire on July 1, 2018;

2. The terms of the Board member appointed by the President Pro Tempore of the Senate and the third member elected pursuant to subsection C of this section shall expire on July 1, 2020; and

3. The terms of the Board member appointed by the Governor and the first and second member elected pursuant to subsection C of this section shall expire on July 1, 2022.

After such initial terms, the terms of the Board members shall be as provided in Section 5 of this act.

E. The bylaws and Board policies of CompSource Oklahoma on the effective date of this act become the bylaws and Board policies of the Company until amended or revised by the Company's Board.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.6 of Title 85, unless there is created a duplication in numbering, reads as follows:

The Board of Directors of CompSource Mutual Insurance Company shall have supervision over the administration and operation of the Company. In this regard, the Board shall function in all aspects as a governing body of a domestic mutual insurance company. The Board shall:

1. Employ a Chief Executive Officer who is vested with full power, authority and jurisdiction over the Company. The Chief

Executive Officer shall perform any duties which are necessary or convenient in the exercise of any power, authority, or jurisdiction over the Company;

2. Provide for the delivery in this state of workers' compensation insurance and for the transaction of workers' compensation insurance business to the same extent as any other insurance carrier transacting workers' compensation insurance business in this state; and

3. Establish a compensation committee to determine appropriate compensation for the Chief Executive Officer and Directors of CompSource Mutual Insurance Company, provided that compensation for any Director who is a state officer does not conflict with Oklahoma law.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.7 of Title 85, unless there is created a duplication in numbering, reads as follows:

A. The Board of Directors of CompSource Mutual Insurance Company shall have full power and authority to set actuarially sound rates to be charged by the Company for insurance. The Board shall engage the services of an independent actuary who is a member in good standing with the Casualty Actuarial Society or the American Academy of Actuaries to develop and recommend actuarially sound rates.

B. Rates shall be set in amounts sufficient, when invested, to:

1. Carry all claims to maturity;

2. Meet the reasonable expenses of conducting the business of the Company; and

3. Maintain a reasonable surplus.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.8 of Title 85, unless there is created a duplication in numbering, reads as follows:

Neither a member of the Board of Directors of CompSource Mutual Insurance Company nor the Chief Executive Officer or any officer or employee of the Company shall be personally liable in the person's private capacity for any act performed or for any contract or other obligation entered into or undertaken in an official capacity in good faith and without intent to defraud, including, but not limited to, the identification and referral of a person for investigation and prosecution for a possible administrative violation or criminal offense.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.9 of Title 85, unless there is created a duplication in numbering, reads as follows:

A. The Company shall establish and maintain reserves for losses on an actuarially sound basis in accordance with requirements as provided in Title 36 of the Oklahoma Statutes.

B. Pursuant to Section 2123 of Title 36 of the Oklahoma Statutes and in accordance with criteria approved by the Board,

which may consider the policyholder's safety record and performance, the Company may pay cash dividends or allow a credit on renewal premium for policyholders insured with the Company.

C. The Company shall have full power and authority:

1. To enter into contracts of insurance insuring persons, firms and corporations against loss, expense or liability by reason of bodily injury, death or accident, occupational disability, or occupational disease suffered by employees for which the insured may be liable or have assumed liability, including, but not limited to, contracts of insurance or reinsurance for the purpose of insuring employers operating in this state and their employees who may work outside this state;

2. To purchase reinsurance for any risk or any portion of any risk of the Company. The purchase of reinsurance may be made through intermediaries;

3. To establish a multitiered premium or rating system to provide workers' compensation insurance policies to insureds in the state, which may allow premium adjustments based upon the Company's evaluation of the underwriting characteristics on the individual risk and the appropriate premium to be charged for the policy coverages; and

4. To establish subsidiaries.

D. The Company may decline to insure any risk in which the minimum requirements of the law with regard to construction,

equipment and operation are not observed, or which is beyond the safe carrying of the Company, but as an I.R.C. § 501(c)(27)(B) organization shall not have power or authority, except as otherwise provided in this act, to refuse to insure any compensation risk tendered with the premium therefor.

E. In addition to other rights of the Company under this act, the Company has the legal rights of a mutual insurance company operating under Title 36 of the Oklahoma Statutes, and of a private person in this state, and has the power to sue and be sued in its own name. No procedure is a prerequisite to the exercise of the power by the Company to sue.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.10 of Title 85, unless there is created a duplication in numbering, reads as follows:

A. CompSource Mutual Insurance Company shall be subject to premium taxes in the same manner as a domestic mutual insurance company authorized by the Insurance Department to write workers' compensation insurance in this state as provided in Oklahoma Statutes.

B. The Company shall be a member of and shall be protected by the Oklahoma Property and Casualty Insurance Guaranty Association.

C. Notwithstanding subsection B of this section, the Company is liable only for an assessment by the Oklahoma Property and Casualty Insurance Guaranty Association regarding a claim with a date of

injury occurring on or after January 1, 2015, and the Oklahoma Property and Casualty Insurance Guaranty Association, with respect to an insolvency of the Company, is liable only for a claim with a date of injury occurring on or after such date.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.11 of Title 85, unless there is created a duplication in numbering, reads as follows:

A. The Company shall file with the Workers' Compensation Court and the Insurance Department all financial reports required of other workers' compensation insurers.

B. Any report the Company is required to file with any authority shall be in conformity with statutory accounting practices prescribed, or otherwise permitted, by the Insurance Department.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.12 of Title 85, unless there is created a duplication in numbering, reads as follows:

A. All revenues, monies, and assets of CompSource Mutual Insurance Company belong solely to the Company and shall be governed by the laws applicable to domestic mutual insurance companies. The state covenants with the policyholders of the Company, persons receiving workers' compensation benefits, and the Company's creditors that the state will not borrow, appropriate, or direct payments from those revenues, monies, or assets for any purpose. The state has no liability or responsibility to the policyholders,

persons receiving workers' compensation benefits, or the creditors of the Company if the Company is placed in conservatorship or receivership, or becomes insolvent.

B. CompSource Mutual Insurance Company may exercise all the rights, privileges, powers, and authority of any other mutual insurance company organized to transact workers' compensation insurance business in this state, subject to the requirements of Title 36 of the Oklahoma Statutes. Effective January 1, 2015:

1. The Company shall be considered to be a continuation of CompSource Oklahoma as it existed prior to this act; and

2. As a continuation of CompSource Oklahoma, the Company is vested with all property, tangible and intangible, real and personal, of CompSource Oklahoma and control of the CompSource Oklahoma fund.

C. Effective January 1, 2015:

1. CompSource Mutual Insurance Company may enforce all contract and statutory rights of CompSource Oklahoma;

2. Each debt, claim, and cause of action of CompSource Oklahoma, and each property right, privilege, franchise, or other interest of CompSource Oklahoma, is the property of CompSource Mutual Insurance Company;

3. The rights of all policyholders and creditors and the standing of all claims under CompSource Oklahoma are preserved unimpaired under CompSource Mutual Insurance Company; and

4. Each debt, liability, and duty of CompSource Oklahoma is a debt, liability, or duty of CompSource Mutual Insurance Company and may be enforced against CompSource Mutual Insurance Company.

D. A cause of action or similar proceeding to which CompSource Oklahoma was a party pending on January 1, 2015:

1. Is not affected by this act;

2. May be continued to be prosecuted by or against the Company; and

3. Continues to be governed by and conducted under the requirements of the Oklahoma Statutes, as those requirements existed before the effective date of this act, and the applicable bylaws, rules, and regulations of CompSource Oklahoma.

E. The rates established by the Board of Directors of the Company, or formerly established by the Board of Managers of CompSource Oklahoma and in effect on the effective date of this act for CompSource Oklahoma shall be the initial rates for CompSource Mutual Insurance Company.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.13 of Title 85, unless there is created a duplication in numbering, reads as follows:

If any section of the provisions of this act be decided by the courts to be unconstitutional or invalid, the same shall not affect the validity of this act as a whole, or any part thereof other than the part so decided to be unconstitutional or invalid.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 913.9 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. All persons employed by CompSource Oklahoma prior to the effective date of this act shall remain members of the Oklahoma Public Employees Retirement System until retirement or termination.

B. 1. Effective January 1, 2015, for all employees who remain members of the Oklahoma Public Employees Retirement System pursuant to subsection A of this section, CompSource Mutual Insurance Company shall pay the required employer contributions applicable to the participating employers in the Oklahoma Public Employees Retirement System pursuant to Section 920 of Title 74 of the Oklahoma Statutes and the employee shall continue to pay employee contributions as required by Section 919.1 of Title 74 of the Oklahoma Statutes.

2. For purposes of the employee contributions under Section 919.1 and employer contributions under Section 920 of Title 74 of the Oklahoma Statutes, an employee’s annual compensation shall be deemed to be the lesser of:

a. the employee’s actual annual compensation, or

b. one hundred ten percent (110%) of the amount deemed to be the employee's annual compensation under this section in the previous year.

3. For purposes of determining an employee's annual retirement benefit pursuant to Section 915 of Title 74 of the Oklahoma

Statutes, an employee's final average compensation shall be the average of the amounts deemed to be the employee's annual compensation in paragraph 2 of this subsection during the highest three (3) of the last ten (10) years of participating service immediately preceding retirement or termination of employment.

C. All employees of CompSource Mutual Insurance Company who remain members of the Oklahoma Public Employees Retirement System pursuant to subsection A of this section shall continue to be eligible employees for purposes of Sections 901 through 932 of Title 74 of the Oklahoma Statutes. CompSource Mutual Insurance Company shall be considered a participating employer, as defined by paragraph (25) of Section 902 of Title 74 of the Oklahoma Statutes only for such employees. If a member of the Oklahoma Public Employees Retirement System retires pursuant to Section 914 of Title 74 of the Oklahoma Statutes and is employed or continues to be employed by CompSource Mutual Insurance Company, he or she shall not be considered to be employed under the Oklahoma Public Employees Retirement System Act pursuant to subsection B of Section 914 of Title 74 of the Oklahoma Statutes.

D. No person initially employed by CompSource Mutual Insurance Company after the effective date of this act shall be allowed to participate in the Oklahoma Public Employees Retirement System during the term of their employment with the Company, regardless of whether that employee was previously employed by a participating

employer in the Oklahoma Public Employees Retirement System including CompSource Oklahoma.

E. 1. All annual leave and sick leave accumulated prior to January 1, 2015, by an employee who remains a member of the Oklahoma Public Employees Retirement System pursuant to subsection A of this section will be recognized by the CompSource Mutual Insurance Company, subject to all accrual limitations in the Oklahoma Statutes.

2. Effective January 1, 2015, employees of CompSource Mutual Insurance Company shall not accrue annual leave and sick leave pursuant to Section 840.220 of Title 74 of the Oklahoma Statutes, but may accrue annual leave and sick leave according to a policy established by the Chief Executive Officer of CompSource Mutual Insurance Company at a rate not to exceed that of state employees under Title 74 of the Oklahoma Statutes.

3. The total participating service credit of a member who retires or terminates employment and elects a vested benefit shall include unused sick leave not to exceed the limitation imposed by Section 913 of Title 74 of the Oklahoma Statutes. If unused sick leave entitles a member to an additional year of service credit, the CompSource Mutual Insurance Company shall reimburse the System for the cost of funding the additional reserve. CompSource Mutual Insurance Company shall provide the System with adequate and timely

information necessary to determine additional benefits and their cost under this paragraph.

SECTION 16. AMENDATORY 36 O.S. 2011, Section 902.3, is amended to read as follows:

Section 902.3 A. Workers' compensation premiums shall be calculated on a basis that, as nearly as is practicable, after the effects of experience rating and other applicable rating plans have been considered, the sum of expected losses and expected expenses as a percentage of premium shall be the same for high- and low-wage-paying employers in the same job classification.

B. The Insurance Commissioner ~~and the Board of Managers of CompSource Oklahoma~~ shall:

1. Determine the extent to which high-wage-paying employers are paying premiums higher than those which would produce the same ratio of expected losses and expenses to premiums as for employers paying lower wages;

2. Determine whether this effect is primarily seen in certain types of job classifications;

3. Investigate alternatives and modifications to the current method of computing workers' compensation premiums, including wage rate recognition plans used in other states, split classifications, wage rate caps, and hours worked;

4. Conduct a hearing or hearings on this matter, including consideration of other alternatives; and

5. Adopt rules by January 1, 1996, to become effective on July 1, 1996, unless disapproved by the Legislature, to equalize, as nearly as is practicable, expected losses and expenses as a percentage of workers' compensation premiums for high- and low-wage-paying employers in the same job classification. If the effect is found to be primarily seen in certain types of job classifications, the rules shall be adopted to apply only to such types of job classifications. The adopted rules shall be subject to legislative review and shall be promulgated as permanent rules pursuant to the Administrative Procedures Act. The agency rule report required by the Administrative Procedures Act shall include a rule impact statement together with an actuarial analysis of the proposed rule describing in detail the classes of persons who most likely will be affected by the proposed rules; the classes of persons who will benefit from the adopted rules; and the probable economic impact of the proposed rules upon the affected classes of persons. The actuarial analysis shall be prepared by an independent actuary selected by the Insurance Commissioner. The rules shall not be invalidated on the ground that the contents of the rule impact statement or the actuarial analysis are insufficient or inaccurate.

C. The cost of the premium adjustment plan shall be allocated among all employers purchasing workers' compensation insurance from all carriers~~, including CompSource Oklahoma~~.

SECTION 17. AMENDATORY 36 O.S. 2011, Section 903.2, is amended to read as follows:

Section 903.2 ~~A.~~ No insurance company shall request and the Insurance Commissioner shall not approve an increase for the expense portion of insurance company rate filings based upon the requirements of Section 6701 of this title~~, Section 425 of Title 40 of the Oklahoma Statutes,~~ and Section ~~61.2~~ 355 of Title 85 of the Oklahoma Statutes.

~~B. CompSource Oklahoma shall not request and its Board of Managers shall not approve reimbursement for expenses based upon the requirements of Section 6701 of this title, Section 425 of Title 40 of the Oklahoma Statutes, and Section 61.2 of Title 85 of the Oklahoma Statutes above the limitation on expenses of administration of CompSource Oklahoma specified in Section 139 of Title 85 of the Oklahoma Statutes~~.

SECTION 18. AMENDATORY 36 O.S. 2011, Section 924.2, is amended to read as follows:

Section 924.2 A. Any rate, schedule of rates or rating plan for workers' compensation insurance submitted to or filed with the Insurance Commissioner, or fixed by the Board of ~~Managers~~ Directors of CompSource ~~Oklahoma~~ Mutual Insurance Company, and premiums, by whatever name, for workers' compensation for self-insureds except for group self-insured associations shall provide for an appropriate reduction in premium charges, by whatever name, for those eligible

insured employers who have successfully participated in the occupational safety and health consultation, education and training program administered by the Commissioner of the Department of Labor pursuant to Section 414 of Title 40 of the Oklahoma Statutes.

B. All insurance companies writing workers' compensation insurance in this state~~, including CompSource Oklahoma,~~ and all self-insureds providing workers' compensation insurance except for group self-insured associations, shall allow an appropriate reduction in premium charges to all eligible employers who qualify for the reduction pursuant to the provisions of this section.

C. Eligible employers shall be those employers:

1. Who are insured by an insurance company writing workers' compensation insurance in this state; or

2. Who are self-insured~~; or~~

~~3. Who are insured by CompSource Oklahoma~~.

D. In order to qualify for the reduction in workers' compensation insurance premium, an employer shall successfully participate annually in the occupational safety and health consultation, education and training program administered by the Department of Labor. Successful participation shall be defined as:

1. Undergoing a safety and health hazard survey of the workplace, including an evaluation of the employer's safety and health program and onsite interviews with employees by the Department's consultant;

2. Correcting all hazards identified during the onsite visit within a reasonable period of time as established by the Department;

3. Establishing an effective workplace safety and health program and implementing program provisions within a reasonable period of time as established by the Department. The program shall include:

a. demonstration of management commitment to worker safety and health,

b. procedures for identifying and controlling workplace hazards,

c. development and communication of safety plans, rules and work procedures, and

d. training for supervisors and employees in safe and healthful work practices;

4. Reducing by one-third (1/3) or more the extent to which the lost workday case rate, as measured by the Department of Labor, was above the national average for the industry at the time the employer elected to participate in the occupational safety and health consultation, education and training program, or maintaining a rate at or below the national average for the industry; and

5. Documenting a reduction in workers' compensation claims for the preceding year by showing one of the following:

a. a ten-percent (10%) reduction in the dollar amount of claims,

b. a ten-percent (10%) reduction in the severity of claims, or

c. no reported claims,

as a result of attending the occupational safety and health consultation, education and training program administered by the Department of Labor.

E. 1. Upon successful participation in the occupational safety and health consultation, education and training program as defined in subsection D of this section, an employer shall be issued a certificate by the Commissioner of the Department of Labor which shall be the basis of qualification for the reduction in workers' compensation insurance premium, by whatever name. The certificate shall qualify the employer for a premium reduction for a one-year period.

2. Upon issuance of a certificate to an employer, the Commissioner of the Department of Labor shall mail a copy of the certificate to the employer's insurer. Any insurer required by this section to allow an appropriate reduction in premium charges to a qualified employer which willfully fails to allow such reduction after receiving a copy of the certificate shall be subject, after notice and hearing, to an administrative fine, imposed by the Insurance Commissioner, which shall be not less than Ten Thousand Dollars ($10,000.00) or three times the amount of the premium reduction, whichever is greater. The Insurance Commissioner shall

promulgate rules necessary to carry out the provisions of this paragraph.

F. The Insurance Commissioner~~,~~ and the Administrator of the Workers' Compensation Court ~~and the CompSource Oklahoma President and Chief Executive Officer~~ shall maintain records documenting reductions in workers' compensation insurance premiums granted pursuant to this section and shall make an annual report of such reductions to the President Pro Tempore of the Senate and the Speaker of the House of Representatives by May 1 of each year. Insurers shall report such premium reductions in their annual statement.

~~G. CompSource Oklahoma shall instruct its actuary to continually review the insurance premium credit program, developed and implemented pursuant to Section 142a of Title 85 of the Oklahoma Statutes, to determine if the program is detrimental to the financial stability of CompSource Oklahoma. If the actuary determines that the program contributes detrimentally to the financial stability of CompSource Oklahoma, the actuary shall immediately recommend to the CompSource Oklahoma President and Chief Executive Officer that the safety premium reduction cease for a one-year period.~~

SECTION 19. AMENDATORY 36 O.S. 2011, Section 995, is amended to read as follows:

Section 995. Joint Underwriting, Joint Reinsurance Pool and Residual Market Activities.

A. This section shall not apply to transactions involving CompSource ~~Oklahoma~~ Mutual Insurance Company.

B. Notwithstanding paragraph 3 of subsection A of Section 992 of this title, insurers participating in joint underwriting, joint reinsurance pools or residual market mechanisms may in connection with such activity act in cooperation with each other in the making of rates, rating systems, policy forms, underwriting rules, surveys, inspections and investigations, the furnishing of loss and expense statistics or other information, or carrying on research. Joint underwriting, joint reinsurance pools and residual market mechanisms shall not be deemed an advisory organization.

C. Except to the extent modified by this section, joint underwriting, joint reinsurance pool and residual market mechanism activities are subject to the other provisions of the Property and Casualty Competitive Loss Cost Rating Act.

D. If, after a hearing, the Commissioner finds that any activity or practice of an insurer participating in joint underwriting or a pool is unfair, is unreasonable, will tend to lessen competition in any market or is otherwise inconsistent with the provisions or purposes of the Property and Casualty Competitive Loss Cost Rating Act, the Commissioner may issue a written order and require the discontinuance of such activity or practice.

E. Every pool shall file with the Commissioner a copy of its constitution, articles of incorporation, agreement or association, bylaws, rules and regulations governing its activities, list of members, the name and address of a resident of this state upon whom notice, orders of the Commissioner, or process may be served, and any changes in amendments or changes in the foregoing.

F. Any residual market mechanism, plan or agreement to implement such a mechanism, and any changes or amendments thereto, shall be submitted in writing to the Commissioner for consideration and approval, together with such information as may be reasonably required.

SECTION 20. AMENDATORY 36 O.S. 2011, Section 1250.2, is amended to read as follows:

Section 1250.2 As used in the Unfair Claims Settlement Practices Act:

1. "Agent" means any individual, corporation, association, partnership, or other legal entity authorized to represent an insurer with respect to a claim;

2. "Claimant" means either a first party claimant, a third party claimant, or both, and includes such claimant's designated legal representatives and includes a member of the claimant's immediate family designated by the claimant;

3. "Commissioner" means the Insurance Commissioner;

4. “First-party claimant” means an individual, corporation, association, partnership, or other legal entity, including a subscriber under any plan providing health services, asserting a right to payment pursuant to an insurance policy or insurance contract for an occurrence of contingency or loss covered by such policy or contract;

5. “Health benefit plan” means group hospital or medical insurance coverage, a not-for-profit hospital or medical service or indemnity plan, a prepaid health plan, a health maintenance organization plan, a preferred provider organization plan, the State and Education Employees Group Health Insurance Plan, and coverage provided by a Multiple Employer Welfare Arrangement (MEWA) or employee self-insured plan except as exempt under federal ERISA provisions. The term shall not include short-term accident, fixed indemnity, or specified disease policies, disability income contracts, limited benefit or credit disability insurance, workers’ compensation insurance coverage, automobile medical payment insurance, or insurance under which benefits are payable with or without regard to fault and which is required by law to be contained in any liability insurance policy or equivalent self-insurance;

6. “Insurance policy or insurance contract” means any contract of insurance, certificate, indemnity, medical or hospital service, suretyship, annuity, subscriber certificate or any evidence of coverage of a health maintenance organization issued, proposed for

issuance, or intended for issuance by any entity subject to this Code;

7. "Insurer" means a person licensed by the Commissioner to issue or who issues any insurance policy or insurance contract in this state~~, including CompSource,~~ and also includes health maintenance organizations. Provided that, for the purposes of paragraphs 15 and 16 of Section 1250.5 of this title, "insurer" shall include the State and Education Employees Group Insurance Board;

8. "Investigation" means all activities of an insurer directly or indirectly related to the determination of liabilities under coverages afforded by an insurance policy or insurance contract;

9. "Notification of claim" means any notification, whether in writing or other means acceptable under the terms of an insurance policy or insurance contract, to an insurer or its agent, by a claimant, which reasonably apprises the insurer of the facts pertinent to a claim;

10. "Preauthorization/precertification" means a determination by a health benefit plan, based on the information presented at the time by the health care provider, that health care services proposed by the health care provider are medically necessary. The term shall include "authorization", "certification" and any other term that would be a reliable determination by a health benefit plan. A

preauthorization/precertification from a previous health plan shall not bind a succeeding health benefit plan;

11. "Third-party claimant" means any individual, corporation, association, partnership, or other legal entity asserting a claim against any individual, corporation, association, partnership, or other legal entity insured under an insurance policy or insurance contract; and

12. "Verification of eligibility" means a representation by a health benefit plan to a health care provider that a claimant is entitled to covered benefits under the policy. Such verification of eligibility shall be valid for four (4) business days from the date given by the health benefit plan.

SECTION 21. AMENDATORY 36 O.S. 2011, Section 1250.4, is amended to read as follows:

Section 1250.4 A. An insurer's claim files~~, other than the claim files of the State Insurance Fund,~~ shall be subject to examination by the Insurance Commissioner or by duly appointed designees. Such files shall contain all notes and work papers pertaining to a claim in such detail that pertinent events and the dates of such events can be reconstructed. In addition, the Insurance Commissioner, authorized employees and examiners shall have access to any of an insurer's files that may relate to a particular complaint under investigation or to an inquiry or examination by the Insurance Department.

B. Every agent, adjuster, administrator, insurance company representative, or insurer~~, other than the State Insurance Fund and its representatives,~~ upon receipt of any inquiry from the Commissioner shall, within thirty (30) days from the date of the inquiry, furnish the Commissioner with an adequate response to the inquiry.

C. Every insurer, upon receipt of any pertinent written communication including but not limited to e-mail or other forms of written electronic communication, or documentation by the insurer of a verbal communication from a claimant which reasonably suggests that a response is expected, shall, within thirty (30) days after receipt thereof, furnish the claimant with an adequate response to the communication.

D. Any violation by an insurer of this section shall subject the insurer to discipline including a civil penalty of not less than One Hundred Dollars ($100.00) nor more than Five Thousand Dollars ($5,000.00).

SECTION 22. AMENDATORY 36 O.S. 2011, Section 1250.9, is amended to read as follows:

Section 1250.9 A. If the Insurance Commissioner determines, based on an investigation of complaints of unfair claim settlement practices, that an insurer~~, other than the State Insurance Fund,~~ has engaged in unfair claim settlement practices with such frequency as to indicate a general business practice and that such insurer should

be subjected to closer supervision with respect to such practices, the Commissioner may require the insurer to file a report at such periodic intervals as the Commissioner deems necessary. The Commissioner shall also devise a statistical plan for such periodic reports, which shall contain but not be limited to the following information:

1. The total number of written claims filed, including the original amount filed for by the insured and the classification by line of insurance of each individual written claim, for the past twelve-month period or from the date of the insurer's last periodic report, whichever time is shorter;

2. The total number of written claims denied, for the past twelve-month period or from the date of the insurer's last periodic report, whichever time is shorter;

3. The total number of written claims settled, including the original amount filed for by the insured, the settled amount, and the classification of line of insurance of each individual settled claim, for the past twelve-month period or from the date of the insurer's last periodic report, whichever time is shorter;

4. The total number of written claims for which lawsuits were instituted against the insurer, including the original amount of the claim filed for by the insured, the amount of final adjudication, the reason for the lawsuit and the classification by line of insurance of each individual written claim, for the past twelve-

month period or from the date of the insurer's last periodic report, whichever time is shorter; and

5. All information required by paragraph 12 of Section 1250.5 of this title.

B. For the purposes of this section, "written claims" means those claims reduced to writing and filed by a resident of this state with an insurer.

SECTION 23. AMENDATORY 36 O.S. 2011, Section 1250.10, is amended to read as follows:

Section 1250.10 A. The Insurance Commissioner may hire additional employees and examiners as needed for the enforcement of the provisions of the Unfair Claims Settlement Practices Act.

B. The Commissioner shall compile the information received from an insurer pursuant to Section 1250.9 of this title in such a manner as to enable him to compare it to a minimum standard of performance which shall be promulgated by the Commissioner. If the Commissioner, after such comparison is made, finds that the insurer falls below the minimum standard of performance, he shall cause an investigation to be made of said insurer as to the reason, if any, for the substandard performance.

C. The Commissioner shall also provide for the receiving and processing of individual complaints alleging violations of the Unfair Claims Settlement Practices Act by both insurers who are required to make periodic reports and those who are not required to

make such reports~~, but not by the State Insurance Fund~~. If the Commissioner in his complaint experience determines that the number and type of complaints against an insurer~~, other than the State Insurance Fund,~~ do not meet the minimum standard of performance or are out of proportion to those against other insurers writing similar lines of insurance, the Commissioner shall cause an investigation to be made of the insurer.

SECTION 24. AMENDATORY 36 O.S. 2011, Section 1250.11, is amended to read as follows:

Section 1250.11 ~~A.~~ Upon the receipt of the results of an investigation instituted pursuant to the provisions of Section 1250.10 of this title, the Insurance Commissioner shall review the results and shall determine whether, by the standards set out in Sections 1250.3 and 1250.5 of this title, further action is required. If the Insurance Commissioner deems further action necessary, the Commissioner shall issue and serve upon the insurer a statement of the charges and a notice in accordance with the Administrative Procedures Act. No insurer shall be deemed in violation of the Unfair Claims Settlement Practices Act solely by reason of the numbers and types of such complaints or claims.

~~B. The Insurance Commissioner shall not assert enforcement jurisdiction pursuant to this section over the State Insurance Fund.~~

SECTION 25. AMENDATORY 36 O.S. 2011, Section 1250.13, is amended to read as follows:

Section 1250.13 A. The Insurance Commissioner, upon finding an insurer~~, other than the State Insurance Fund,~~ in violation of any provision of the Unfair Claims Settlement Practices Act, shall issue a cease and desist order to said insurer directing it to stop such unlawful practices. If the insurer refuses or fails to comply with said order, the Commissioner shall have the authority to revoke or suspend the insurer's certificate of authority. The Commissioner shall also have the authority to limit, regulate, and control the insurer's line of business, the insurer's writing of policy forms or other particular forms, and the insurer's volume of its line of business or its writing of policy forms or other particular forms. The Commissioner shall use the above authority to the extent deemed necessary to obtain the insurer's compliance with the order. The Attorney General shall offer his assistance if requested by the Commissioner to enforce the Commissioner's orders.

B. Reasonable ~~attorneys~~ attorney fees shall be awarded the Commissioner if judicial action is necessary for the enforcement of the orders. Such fees shall be based upon those prevailing in the community. Fees collected by the Commissioner without the assistance of the Attorney General shall be credited to the Insurance Commissioner's Revolving Fund. Fees collected by the Attorney General shall be credited to the Attorney General's Revolving Fund.

SECTION 26. AMENDATORY 36 O.S. 2011, Section 1442, is amended to read as follows:

Section 1442. As used in the Third-party Administrator Act, Section 1441 et seq. of this title:

1. "Administrator" means any person who collects premiums for an insurer or trust or who adjusts or settles claims for an insurer or trust, in connection with life or health insurance coverage, annuities or employee benefit stop loss in this state, but shall not include any person who collects premiums or who adjusts or settles claims under the following circumstances:

a. any employer on behalf of the employees of that employer or the employees of one or more subsidiary or affiliated corporations of that employer,

b. a union on behalf of its members,

c. an insurance company which is licensed to transact insurance business in this state,

d. a wholly owned subsidiary of an entity which is subject to the jurisdiction of the Insurance Commissioner,

e. an insurance company acting as an insurer with respect to a policy lawfully issued and delivered by said company in and pursuant to the laws of this state,

f. a hospital, medical, dental, or optometric service corporation or a health care service organization,

including their agents, authorized by the Commissioner to issue contracts in this state pursuant to the provisions of the Oklahoma Insurance Code when engaged in the performance of their duties,

g. a life or disability agent or broker who is licensed in this state and whose activities are limited exclusively to the sale of insurance,

h. an adjuster licensed in this state for the kinds of business for which he is acting as an adjuster,

i. a creditor insuring a debt between the creditor and its debtors on behalf of said creditor's debtors,

j. a financial institution which is subject to supervision or examination by federal or state banking authorities,

k. a company which issues credit cards and advances credit for and collects premiums or charges from its credit card holders who have authorized said collection, if the company does not adjust or settle claims,

l. a person who adjusts or settles claims in the normal course of practice or employment as an attorney-at-law and who does not collect charges or premiums in connection with life or health insurance coverage or annuities,

m. ~~the State Insurance Fund,~~

~~n.~~ any workers' compensation trust, or

~~o.~~ n. a trust providing benefits to the employees of any political subdivision of a city, county or the state; and

2. "Trust" means any trust other than those exempted in paragraph 1 of this section which engages in the business of making contracts of insurance.

SECTION 27. AMENDATORY 36 O.S. 2011, Section 6701, is amended to read as follows:

Section 6701. A. ~~1. By January 1, 1996, each~~ Each insurance company that provides workers' compensation insurance or an equivalent insurance product in this state shall maintain or provide workplace safety services for its policyholders as a condition for approval by the Insurance Commissioner to write such insurance. Such services shall be adequate to implement workplace safety plans as required by the nature of its policyholders' operations and shall include but not be limited to surveys, recommendations, training programs, consultations, analyses of accident causes, industrial hygiene, and industrial health services.

~~2. The State Insurance Fund shall maintain or provide workplace safety services for its policyholders. Such safety services shall be adequate to implement workplace safety plans as required by the nature of its policyholders' operations and shall include but not be~~

~~limited to surveys, recommendations, training programs, consultations, analyses of accident causes, industrial hygiene, and industrial health services.~~

B. Notice that workplace safety services are available to the policyholder from the insurance company ~~and the State Insurance Fund~~ must appear in no less than ~~ten (10) point~~ ten-point bold type on the front of each workers' compensation insurance or equivalent insurance policy delivered or issued for delivery in this state.

SECTION 28. AMENDATORY 40 O.S. 2011, Section 417, is amended to read as follows:

Section 417. (1) To assure the availability of accurate, timely statistical data concerning occupational health and safety in Oklahoma, all employers as defined in Section 402 of this title shall submit reports, on a form and in a manner prescribed by the Commissioner of Labor. Reports shall include only those injuries arising from employment within the State of Oklahoma.

(2) The Department may exempt from this requirement those classes of employers for whose operations adequate records of safety experience are already available or the Department may exempt any employer from this requirement when, in the judgment of the Commissioner, the submission of annual reports by such employer is not necessary to carry out the purposes of this act and would be an undue burden upon such employer because of size, the nature of its operation or other special circumstances.

(3) The Department shall publish each year a detailed summary of the statistical data received from employers. A copy of such summary shall be available on request to each reporting establishment required to file reports of disabling work injuries and shall be made available to anyone having a legitimate interest in the subject matter of the report.

~~(4) Upon publication of the annual summary, the Commissioner of Labor shall provide to the CompSource Oklahoma President and Chief Executive Officer, upon request, the reports of each employer subject to the provisions of this section, and any derivation, tables or analysis generated by the Department of Labor in the preparation of such summary.~~

SECTION 29. AMENDATORY 40 O.S. 2011, Section 418, is amended to read as follows:

Section 418. (1) Each insurance carrier writing workers' compensation insurance in this state~~, the State Insurance Fund~~ and each self-insured employer authorized to make workers' compensation payments directly to employees shall pay to the Oklahoma Tax Commission up to a sum equal to three-fourths of one percent (3/4 of 1%) of the total workers' compensation losses, excluding medical payments and temporary total disability compensation, based on the records of the Workers' Compensation Court, paid out or payable during each quarter-year period of the calendar year, said percentage to be fixed by the Commissioner and based upon his

certification that the proceeds thereof are reasonable and necessary to accomplish the objectives of Section 401 et seq. of this title. Such payments to the Oklahoma Tax Commission shall be made not later than the fifteenth day of the month following the close of the quarter-year in which compensation is paid or becomes payable. Payments made, under the provisions of this section, shall be considered losses for the purpose of computing workers' compensation rates.

(2) The refund provisions of Sections 227 through 229 of Title 68 of the Oklahoma Statutes~~, Sections 227 through 229,~~ shall be applicable to any payments made under the provisions of this act.

(3) In making and entering awards for compensation, the Workers' Compensation Court shall determine and fix the amounts that shall be paid to the Oklahoma Tax Commission under the provisions of this section. The total amount so determined and fixed shall have the same force and effect as an award of the Workers' Compensation Court for compensation and all provisions relating to the collection of awards of said court shall apply to such judgments.

(4) It shall be the duty of the Oklahoma Tax Commission to collect the payments provided for herein, and said Commission is hereby given authority to bring an action for the recovery of any delinquent and unpaid payment or payments. In the alternative, the Oklahoma Tax Commission may enforce payments by proceeding in

accordance with the provisions of Section ~~42~~ 346 of Title 85 of the Oklahoma Statutes.

(5) The Oklahoma Tax Commission shall, monthly, as the same are collected, pay to the State Treasurer of this state, to the credit of the Special Occupational Health and Safety Fund, all monies collected under the provisions of this section. Monies shall be paid out of said Fund exclusively for the operation and administration of Section 401 et seq. of this title and for other necessary expenses of the Department of Labor pursuant to appropriations by the Oklahoma Legislature.

(6) The Commissioner shall determine the needs of the program, considering statistical data on disabling work injuries, depth and scope of the program as evidenced by the needs and demands of employers and the present, planned and anticipated budgetary needs of the program, and submit same to the Legislature.

SECTION 30. AMENDATORY 47 O.S. 2011, Section 157.1, is amended to read as follows:

Section 157.1 The Department of Transportation, the Board of Agriculture, and the Department of Human Services of the state are hereby authorized to carry insurance on vehicles, motorized machinery, or equipment owned and operated by the Department of Transportation, the Board of Agriculture, and the Department of Human Services, such insurance to be of the following kinds and in amounts not exceeding the following:

~~(a) bodily~~ 1. Bodily injury liability, One Hundred Thousand Dollars ($100,000.00) each person, Three Hundred Thousand Dollars ($300,000.00) each accident;

~~(b) property~~ 2. Property damage liability, Fifty Thousand Dollars ($50,000.00) each accident; and

~~(c) medical~~ 3. Medical and hospital insurance, Five Thousand Dollars ($5,000.00).

Such insurance shall be on standard policy forms approved by the State Insurance Commissioner and with companies authorized to do business in Oklahoma, and shall be paid for out of administrative funds of such departments. Such insurance may cover not only the department or state agency purchasing the insurance but also the personal liability of the operator. The ownership, maintenance, operation and use of motor vehicles and motorized movable equipment owned, leased, used or operated by such departments or state agencies named in this section is hereby declared to be a public governmental function. An action for damages may be brought against such department or state agency, but the governmental immunity of such department or state agency shall be waived only to the extent of the amount of insurance purchased. Such department or state agency shall be liable for negligence only while such insurance is in force, but in no case in any amount exceeding the limits of coverage of any such insurance policy. No attempt shall be made in the trial of any action brought against any such department or state

agency to suggest the existence of any insurance which covers in whole or in part any judgment or award which may be rendered in favor of the plaintiff, and if the verdict rendered by the jury exceeds the limits of the applicable insurance, the court shall reduce the amount of said judgment or award to a sum equal to the applicable limits stated in the policy. To the extent that the insurer has provided indemnity in the contract of insurance to a department or state agency described in this section, the said insurer may not plead as a defense in any action involving insurance purchased by the authority of this section, the governmental immunity of either the state or of any department or agency thereof purchasing insurance pursuant to this section. Venue of all actions provided for herein shall be in the county of the residence of the plaintiff or where the cause of action arose, but summons may be served upon the director, head or governing board or body of the department or state agency being sued and alleged to come within the purview of this section, wherever ~~he~~ that person may be found. ~~If the State Insurance Fund is hereafter authorized to write such insurance, then the Department of Transportation, the Board of Agriculture, and the Department of Human Services shall obtain the insurance from the State Insurance Fund, if said State Insurance Fund is the lowest bid, after taking into account the premium tax being paid by any other bidder.~~ Such policies shall be filed in the office of the Secretary of State as a public record.

SECTION 31. AMENDATORY 74 O.S. 2011, Section 85.29, as amended by Section 750, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2012, Section 85.29), is amended to read as follows:

Section 85.29 The amount of surety required for each state officer or employee pursuant to Sections 85.26 through 85.31 of this title is as follows:

DEPARTMENT	AMOUNT OF BOND
Office of the State Treasurer	$300,000.00
Oklahoma Employment Security Commission	$150,000.00
Central Services Division of the Office of Management and Enterprise Services	100,000.00
Insurance Commission	100,000.00
Office of the State Auditor and Inspector	50,000.00
Finance Division of the Office of Management and Enterprise Services	50,000.00
Bank Commissioner	50,000.00
~~CompSource Oklahoma President and Chief Executive Officer~~	~~50,000.00~~
Commissioners of the Land Office	50,000.00
Oklahoma Securities Commission	50,000.00
Oklahoma Tax Commission	50,000.00

Department of Human Services	50,000.00
Oklahoma Public Employees Retirement System	50,000.00
Corporation Commission	50,000.00
State Board of Education	50,000.00
Finance Division	150,000.00
All Others	25,000.00
Department of Transportation	25,000.00
Boards of Regents of Oklahoma Universities and Colleges	50,000.00
Office of Attorney General	10,000.00
The University Hospitals	50,000.00
All Other State Departments, Agencies, Institutions, Commissions, Authorities, and other bodies of state government	10,000.00

Provided, however, that nothing in The Oklahoma Central Purchasing Act shall prohibit any head of a department, institution, agency, commission, authority or other body of state government from requiring the Central Purchasing Division to purchase increased amounts of blanket bond coverage for his or her employees up to a total maximum coverage of Fifty Thousand Dollars ($50,000.00) when the listed amount is deemed inadequate. The cost of increased coverage shall be borne by the department, institution, agency,

commission, authority or other body of state government requesting the increased coverage.

SECTION 32. AMENDATORY 74 O.S. 2011, Section 85.58A, as amended by Section 782, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2012, Section 85.58A), is amended to read as follows:

Section 85.58A A. The Office of Management and Enterprise Services shall establish for all state agencies, whether or not subject to The Central Purchasing Act, and other entities as provided by law a comprehensive professional risk management program which shall:

1. Identify and evaluate risks of loss and exposures to loss to officers, employees and properties;

2. Minimize risks through loss-prevention and loss-control programs;

3. Transfer risks, if economically advantageous to the state, by acquiring commercial insurance, contractual pass through of liability, or by other means;

4. Consolidate and administer risk management plans and programs including self-insurance programs, except Workers' Compensation Insurance and State Employees Group Insurance;

5. Determine feasibility of and, if feasible, establish self-insurance programs, considering whether a program may be self-supporting to remain financially and actuarially sound;

6. Provide a system to allocate insurance and program costs to determine payment for insurance coverage and program expenses provided by the Office of Management and Enterprise Services;

7. When requested by a state retirement system~~, CompSource Oklahoma~~ or the State and Education Employees Group Insurance Board, assist in obtaining insurance authorized by law. If requested by the Oklahoma State Regents for Higher Education, assist trust funds for which the State Regents serve as trustees in obtaining insurance authorized by law;

8. Assist state agencies and officers, employees, and members thereof, charged with licensing authority, in obtaining insurance for liability for judgments, based on the licensing authority, rendered by any court pursuant to federal law;

9. When requested by a public trust established pursuant to Title 60 of the Oklahoma Statutes of which the State of Oklahoma is the beneficiary, obtain, provide or assist the public trust in obtaining insurance authorized by law or trust indenture covering any board member, trustee, official, officer, employee or volunteer for errors and omissions or liability risks arising from the performance of official duties pursuant to law or trust indenture; and

10. When requested by the Oklahoma State Regents for Higher Education, for the purpose of insuring real property required pursuant to Section 4018 of Title 70 of the Oklahoma Statutes, of

which the Oklahoma State Regents for Higher Education is the beneficiary, obtain, provide or assist the Oklahoma State Regents for Higher Education in obtaining insurance for the real property pursuant to the provisions of this section.

B. The Director of the Office of Management and Enterprise Services may hire or contract for the services of a Risk Management Administrator to supervise the Comprehensive Professional Risk Management Program established pursuant to this section. If appointed by the Director as a state employee, the Risk Management Administrator shall be in the unclassified service.

C. The Risk Management Administrator shall evaluate insurance coverage needs and in force for state agencies, whether or not subject to The Central Purchasing Act, and other entities as provided by law. All entities shall submit to the Risk Management Administrator all information which the Risk Management Administrator deems necessary to perform this duty.

D. The Risk Management Administrator in conjunction with the State Purchasing Director under the authority of the Director of the Office of Management and Enterprise Services may negotiate insurance coverage and insurance-related services, including, but not limited to, insurance brokerage and consulting services. The State Purchasing Director shall ensure open processes for solicitation and qualification of insurance coverage and services providers. The State Purchasing Director shall award contracts for insurance

coverage and services to the provider or providers which offer the best and final terms and conditions. The State Purchasing Director may authorize the Risk Management Administrator to bind for insurance coverage with providers.

E. The school districts of this state may request the Risk Management Administrator to advise for the purchase of insurance coverage for the school districts.

F. A state agency, whether or not subject to The Central Purchasing Act, that contemplates purchase of property and casualty insurance, shall provide details of the proposed purchase to the Risk Management Administrator for approval or disapproval prior to the purchase.

G. The Director of the Office of Management and Enterprise Services shall promulgate rules to effect the provisions of the comprehensive professional risk management program.

H. 1. a. Any community action agency established pursuant to Sections 5035 through 5040 of this title may participate in the comprehensive professional risk management program established pursuant to this section for risks incurred as a result of operating a Head Start program or providing transportation services to the public. The Risk Management Administrator shall obtain or provide for insurance coverage for such community action agencies or bonding

for employees of such community action agencies. Any liability insurance coverage obtained or provided shall include expenses for administrative and legal services obtained or provided by the Risk Management Administrator.

b. The Risk Management Administrator shall determine criteria for participation in the risk management program by such community action agencies. In addition, the Risk Management Administrator may require each such community action agency to:

(1) provide adequate qualified personnel and suitable facilities and equipment for operating a Head Start program or providing transportation services to the public, and

(2) comply with such standards as are necessary for the protection of the clients it serves.

2. To receive coverage pursuant to this section, a community action agency shall make payments for any insurance coverage and shall otherwise comply with the provisions of this section and rules promulgated by the Office pursuant to the provisions of this section.

3. Requests for the insurance coverage provided pursuant to the provisions of this subsection shall be submitted in writing to the Risk Management Administrator by the community action agencies.

I. The Risk Management Administrator may provide or obtain for any state agency, public trust with the state as a beneficiary and a director, officer, employee or member thereof, insurance for liability for loss, including judgments, awards, settlements, costs and legal expenses, resulting from violations of rights or privileges secured by the Constitution or laws of the United States of America which occur while a director, officer, employee or member is acting within the scope of service to the State of Oklahoma. The insurance shall be for coverage in excess of the limits on liability established by The Governmental Tort Claims Act but shall not limit or waive any immunities now or hereafter available to the State of Oklahoma or any state agency, any public trust with the state as a beneficiary, or any director, officer, employee or member thereof, including, but not limited to, any immunities under the Eleventh Amendment to the Constitution of the United States, state sovereign immunity, and any absolute or qualified immunity held by any director, officer, employee or member.

SECTION 33. AMENDATORY 74 O.S. 2011, Section 902, is amended to read as follows:

Section 902. As used in Section 901 et seq. of this title:

(1) "System" means the Oklahoma Public Employees Retirement System as established by this act and as it may hereafter be amended;

(2) “Accumulated contributions” means the sum of all contributions by a member to the System which shall be credited to the member’s account;

(3) “Act” means Sections 901 to 932, inclusive, of this title;

(4) “Actuarial equivalent” means a deferred income benefit of equal value to the accumulated deposits or benefits when computed upon the basis of the actuarial tables in use by the System;

(5) “Actuarial tables” means the actuarial tables approved and in use by the Board at any given time;

(6) “Actuary” means the actuary or firm of actuaries employed by the Board at any given time;

(7) “Beneficiary” means any person named by a member to receive any benefits as provided for by Section 901 et seq. of this title. If there is no beneficiary living at time of member employee’s death, the member’s estate shall be the beneficiary;

(8) “Board” means the Oklahoma Public Employees Retirement System Board of Trustees;

(9) “Compensation” means all salary and wages, as defined by the Board of Trustees, including amounts deferred under deferred compensation agreements entered into between a member and a participating employer, but exclusive of payment for overtime, payable to a member of the System for personal services performed for a participating employer but shall not include compensation or

reimbursement for traveling, or moving expenses, or any compensation in excess of the maximum compensation level, provided:

(a) For compensation for service prior to January 1, 1988, the maximum compensation level shall be Twenty-five Thousand Dollars ($25,000.00) per annum.

For compensation for service on or after January 1, 1988, through June 30, 1994, the maximum compensation level shall be Forty Thousand Dollars ($40,000.00) per annum.

For compensation for service on or after July 1, 1994, through June 30, 1995, the maximum compensation level shall be Fifty Thousand Dollars ($50,000.00) per annum; for compensation for service on or after July 1, 1995, through June 30, 1996, the maximum compensation level shall be Sixty Thousand Dollars ($60,000.00) per annum; for compensation for service on or after July 1, 1996, through June 30, 1997, the maximum compensation level shall be Seventy Thousand Dollars ($70,000.00) per annum; and for compensation for service on or after July 1, 1997, through June 30, 1998, the maximum compensation level shall be Eighty Thousand Dollars ($80,000.00) per annum. For compensation for services on or after July 1, 1998,

there shall be no maximum compensation level for retirement purposes.

(b) Compensation for retirement purposes shall include any amount of elective salary reduction under Section 457 of the Internal Revenue Code of 1986 and any amount of nonelective salary reduction under Section 414(h) of the Internal Revenue Code of 1986.

(c) Notwithstanding any provision to the contrary, the compensation taken into account for any employee in determining the contribution or benefit accruals for any plan year is limited to the annual compensation limit under Section 401(a)(17) of the federal Internal Revenue Code.

(d) Current appointed members of the Oklahoma Tax Commission whose salary is constitutionally limited and is less than the highest salary allowed by law for his or her position shall be allowed, within ninety (90) days from the effective date of this act, to make an election to use the highest salary allowed by law for the position to which the member was appointed for the purposes of making contributions and determination of retirement benefits. Such election shall be irrevocable and be in writing. Reappointment to the same office shall not permit a new election. Members

appointed to the Oklahoma Tax Commission after the effective date of this act shall make such election, pursuant to this subparagraph, within ninety (90) days of taking office;

(10) "Credited service" means the sum of participating service, prior service and elected service;

(11) "Dependent" means a parent, child, or spouse of a member who is dependent upon the member for at least one-half (1/2) of the member's support;

(12) "Effective date" means the date upon which the System becomes effective by operation of law;

(13) "Eligible employer" means the state and any county, county hospital, city or town, conservation districts, circuit engineering districts and any public or private trust in which a county, city or town participates and is the primary beneficiary is to be an eligible employer for the purpose of this act only, whose employees are covered by Social Security and are not covered by or eligible for another retirement plan authorized under the laws of this state which is in operation on the initial entry date. Emergency medical service districts may join the System upon proper application to the Board. Provided affiliation by a county hospital shall be in the form of a resolution adopted by the board of control.

(a) If a class or several classes of employees of any above-defined employers are covered by Social Security

and are not covered by or eligible for and will not become eligible for another retirement plan authorized under the laws of this state, which is in operation on the effective date, such employer shall be deemed an eligible employer, but only with respect to that class or those classes of employees as defined in this section.

(b) A class or several classes of employees who are covered by Social Security and are not covered by or eligible for and will not become eligible for another retirement plan authorized under the laws of this state, which is in operation on the effective date, and when the qualifications for employment in such class or classes are set by state law; and when such class or classes of employees are employed by a county or municipal government pursuant to such qualifications; and when the services provided by such employees are of such nature that they qualify for matching by or contributions from state or federal funds administered by an agency of state government which qualifies as a participating employer, then the agency of state government administering the state or federal funds shall be deemed an eligible employer, but only with respect to that class or those classes

of employees as defined in this subsection; provided, that the required contributions to the retirement plan may be withheld from the contributions of state or federal funds administered by the state agency and transmitted to the System on the same basis as the employee and employer contributions are transmitted for the direct employees of the state agency. The retirement or eligibility for retirement under the provisions of law providing pensions for service as a volunteer fire fighter shall not render any person ineligible for participation in the benefits provided for in Section 901 et seq. of this title. An employee of any public or private trust in which a county, city or town participates and is the primary beneficiary shall be deemed to be an eligible employee for the purpose of this act only.

(c) All employees of the George Nigh Rehabilitation Institute who elected to retain membership in the System, pursuant to Section 913.7 of this title, shall continue to be eligible employees for the purposes of this act. The George Nigh Rehabilitation Institute shall be considered a participating employer only for such employees.

(d) All employees of CompSource Mutual Insurance Company who retain membership in the Oklahoma Public Employees Retirement System pursuant to Section 15 of this act shall continue to be eligible employees for the purposes of the Oklahoma Public Employees Retirement System. CompSource Mutual Insurance Company shall be considered a participating employer only for such employees.

(e) A participating employer of the Teachers' Retirement System of Oklahoma, who has one or more employees who have made an election pursuant to enabling legislation to retain membership in the System as a result of change in administration, shall be considered a participating employer of the Oklahoma Public Employees Retirement System only for such employees;

(14) "Employee" means any officer or employee of a participating employer, whose employment is not seasonal or temporary and whose employment requires at least one thousand (1,000) hours of work per year and whose salary or wage is equal to the hourly rate of the monthly minimum wage for state employees. For those eligible employers outlined in Section 910 of this title, the rate shall be equal to the hourly rate of the monthly minimum wage for that employer. Each employer, whose minimum wage is less than the state's minimum wage, shall inform the System of the

minimum wage for that employer. This notification shall be by resolution of the governing body.

(a) Any employee of the county extension agents who is not currently participating in the Teachers' Retirement System of Oklahoma shall be a member of this System.

(b) Eligibility shall not include any employee who is a contributing member of the United States Civil Service Retirement System.

(c) It shall be mandatory for an officer, appointee or employee of the office of district attorney to become a member of this System if he or she is not currently participating in a county retirement system. Provided further, that if an officer, appointee or employee of the office of district attorney is currently participating in such county retirement system, he or she is ineligible for this System as long as he or she is eligible for such county retirement system. Any eligible officer, appointee or employee of the office of district attorney shall be given credit for prior service as defined in this section. The provisions outlined in Section 917 of this title shall apply to those employees who have previously withdrawn their contributions.

(d) Eligibility shall also not include any officer or employee of the Oklahoma Employment Security Commission, except for those officers and employees of the Commission electing to transfer to this System pursuant to the provisions of Section 910.1 of this title or any other class of officers or employees specifically exempted by the laws of this state, unless there be a consolidation as provided by Section 912 of this title. Employees of the Oklahoma Employment Security Commission who are ineligible for enrollment in the Employment Security Commission Retirement Plan, that was in effect on January 1, 1964, shall become members of this System.

(e) Any employee employed by the Legislative Service Bureau, State Senate or House of Representatives for the full duration of a regular legislative session shall be eligible for membership in the System regardless of classification as a temporary employee and may participate in the System during the regular legislative session at the option of the employee. For purposes of this subparagraph, the determination of whether an employee is employed for the full duration of a regular legislative session shall be made by the Legislative Service Bureau if such

employee is employed by the Legislative Service Bureau, the State Senate if such employee is employed by the State Senate, or by the House of Representatives if such employee is employed by the House of Representatives. Each regular legislative session during which the legislative employee or an employee of the Legislative Service Bureau participates full time shall be counted as six (6) months of full-time participating service.

(i) Except as otherwise provided by this subparagraph, once a temporary session employee makes a choice to participate or not, the choice shall be binding for all future legislative sessions during which the employee is employed.

(ii) Notwithstanding the provisions of division (i) of this subparagraph, any employee, who is eligible for membership in the System because of the provisions of this subparagraph and who was employed by the State Senate or House of Representatives after January 1, 1989, may file an election, in a manner specified by the Board, to participate as a member of the System prior to September 1, 1989.

(iii) Notwithstanding the provisions of division (i) of this subparagraph, a temporary legislative session employee who elected to become a member of the System may withdraw from the System effective the day said employee elected to participate in the System upon written request to the Board. Any such request must be received by the Board prior to October 1, 1990. All employee contributions made by the temporary legislative session employee shall be returned to the employee without interest within four (4) months of receipt of the written request.

(iv) A member of the System who did not initially elect to participate as a member of the System pursuant to subparagraph (e) of this paragraph shall be able to acquire service performed as a temporary legislative session employee for periods of service performed prior to the date upon which the person became a member of the System if:

a. the member files an election with the System not later than December 31, 2000, to purchase the prior service; and

b. the member makes payment to the System of the actuarial cost of the service credit pursuant to subsection A of Section 913.5 of this title. The provisions of Section 913.5 of this title shall be applicable to the purchase of the service credit, including the provisions for determining service credit in the event of incomplete payment due to cessation of payments, death, termination of employment or retirement, but the payment may extend for a period not to exceed ninety-six (96) months;

(15) "Entry date" means the date on which an eligible employer joins the System. The first entry date pursuant to Section 901 et seq. of this title shall be January 1, 1964;

(16) "Executive Director" means the managing officer of the System employed by the Board under Section 901 et seq. of this title;

(17) "Federal Internal Revenue Code" means the federal Internal Revenue Code of 1954 or 1986, as amended and as applicable to a governmental plan as in effect on July 1, 1999;

(18) "Final average compensation" means the average annual compensation, including amounts deferred under deferred compensation agreements entered into between a member and a participating

employer, up to, but not exceeding the maximum compensation levels as provided in paragraph (9) of this section received during the highest three (3) of the last ten (10) years of participating service immediately preceding retirement or termination of employment. Provided, no member shall retire with a final average compensation unless the member has made the required contributions on such compensation, as defined by the Board of Trustees;

(19) "Fiscal year" means the period commencing July 1 of any year and ending June 30 of the next year. The fiscal year is the plan year for purposes of the federal Internal Revenue Code; however, the calendar year is the limitation year for purposes of Section 415 of the federal Internal Revenue Code;

(20) "Fund" means the Oklahoma Public Employees Retirement Fund as created by Section 901 et seq. of this title;

(21) "Leave of absence" means a period of absence from employment without pay, authorized and approved by the employer and acknowledged to the Board, and which after the effective date does not exceed two (2) years;

(22) "Member" means an eligible employee or elected official who is in the System and is making the required employee or elected official contributions, or any former employee or elected official who shall have made the required contributions to the System and shall have not received a refund or withdrawal;

(23) "Military service" means service in the Armed Forces of the United States by an honorably discharged person during the following time periods, as reflected on such person's Defense Department Form 214, not to exceed five (5) years for combined participating and/or prior service, as follows:

(a) during the following periods, including the beginning and ending dates, and only for the periods served, from:

(i) April 6, 1917, to November 11, 1918, commonly referred to as World War I,

(ii) September 16, 1940, to December 7, 1941, as a member of the 45th Division,

(iii) December 7, 1941, to December 31, 1946, commonly referred to as World War II,

(iv) June 27, 1950, to January 31, 1955, commonly referred to as the Korean Conflict or the Korean War,

(v) February 28, 1961, to May 7, 1975, commonly referred to as the Vietnam era, except that:

a. for the period from February 28, 1961, to August 4, 1964, military service shall only include service in the Republic of Vietnam during that period, and

b. for purposes of determining eligibility for education and training benefits, such period shall end on December 31, 1976, or

(vi) August 1, 1990, to December 31, 1991, commonly referred to as the Gulf War, the Persian Gulf War, or Operation Desert Storm, but excluding any person who served on active duty for training only, unless discharged from such active duty for a service-connected disability;

(b) during a period of war or combat military operation other than a conflict, war or era listed in subparagraph (a) of this paragraph, beginning on the date of Congressional authorization, Congressional resolution, or Executive Order of the President of the United States, for the use of the Armed Forces of the United States in a war or combat military operation, if such war or combat military operation lasted for a period of ninety (90) days or more, for a person who served, and only for the period served, in the area of responsibility of the war or combat military operation, but excluding a person who served on active duty for training only, unless discharged from such active duty for a service-connected disability, and provided that the burden of proof of military service

during this period shall be with the member, who must present appropriate documentation establishing such service.

An eligible member under this paragraph shall include only those persons who shall have served during the times or in the areas prescribed in this paragraph, and only if such person provides appropriate documentation in such time and manner as required by the System to establish such military service prescribed in this paragraph, or for service pursuant to subdivision a of division (v) of subparagraph (a) of this paragraph those persons who were awarded service medals, as authorized by the United States Department of Defense as reflected in the veteran's Defense Department Form 214, related to the Vietnam Conflict for service prior to August 5, 1964;

(24) "Normal retirement date" means the date on which a member may retire with full retirement benefits as provided in Section 901 et seq. of this title, such date being whichever occurs first:

(a) the first day of the month coinciding with or following a member's:

(1) sixty-second birthday with respect to members whose first participating service occurs prior to November 1, 2011, or

(2) sixty-fifth birthday with respect to members whose first participating service occurs on or after November 1, 2011, or with respect to

members whose first participating service occurs on or after November 1, 2011, reaches a minimum age of sixty (60) years and who also reaches a normal retirement date pursuant to subparagraph c of this paragraph,

(b) for any person who initially became a member prior to July 1, 1992, and who does not reach a normal retirement date pursuant to division (1) of subparagraph (a) of this paragraph, the first day of the month coinciding with or following the date at which the sum of a member's age and number of years of credited service total eighty (80); such a normal retirement date will also apply to any person who became a member of the sending system as defined in Section 901 et seq. of this title, prior to July 1, 1992, regardless of whether there were breaks in service after July 1, 1992,

(c) for any person who became a member after June 30, 1992, but prior to November 1, 2011, and who does not reach a normal retirement date pursuant to division (1) of subparagraph (a) of this paragraph, the first day of the month coinciding with or following the date at which the sum of a member's age and number of years of credited service total ninety (90),

(d) in addition to subparagraphs (a), (b) and (c) of this paragraph, the first day of the month coinciding with or following a member's completion of at least twenty (20) years of full-time-equivalent employment as:

(i) a correctional or probation and parole officer with the Department of Corrections and at the time of retirement, the member was a correctional or probation and parole officer with the Department of Corrections, or

(ii) a correctional officer, probation and parole officer or fugitive apprehension agent with the Department of Corrections who is in such position on June 30, 2004, or who is hired after June 30, 2004, and who receives a promotion or change in job classification after June 30, 2004, to another position in the Department of Corrections, so long as such officer or agent has at least five (5) years of service as a correctional officer, probation and parole officer or fugitive apprehension agent with the Department, has twenty (20) years of full-time-equivalent employment with the Department and was employed by the Department at the time of retirement, or

(iii) a firefighter with the Oklahoma Military Department either employed for the first time on or after July 1, 2002, or who was employed prior to July 1, 2002, in such position and who makes the election authorized by division (2) of subparagraph b of paragraph (8) of subsection A of Section 915 of this title and at the time of retirement, the member was a firefighter with the Oklahoma Military Department, and such member has at least twenty (20) years of credited service upon which the two and one-half percent (2 1/2%) multiplier will be used in calculating the retirement benefit,

(e) for those fugitive apprehension agents who retire on or after July 1, 2002, the first day of the month coinciding with or following a member's completion of at least twenty (20) years of full-time-equivalent employment as a fugitive apprehension agent with the Department of Corrections and at the time of retirement, the member was a fugitive apprehension agent with the Department of Corrections, or

(f) for any member who was continuously employed by an entity or institution within The Oklahoma State System of Higher Education and whose initial employment with

such entity or institution was prior to July 1, 1992, and who without a break in service of more than thirty (30) days became employed by an employer participating in the Oklahoma Public Employees Retirement System, the first day of the month coinciding with or following the date at which the sum of the member's age and number of years of credited service total eighty (80);

(25) "Participating employer" means an eligible employer who has agreed to make contributions to the System on behalf of its employees;

(26) "Participating service" means the period of employment after the entry date for which credit is granted a member;

(27) "Prior service" means the period of employment of a member by an eligible employer prior to the member's entry date for which credit is granted a member under Section 901 et seq. of this title;

(28) "Retirant" or "retiree" means a member who has retired under the System;

(29) "Retirement benefit" means a monthly income with benefits accruing from the first day of the month coinciding with or following retirement and ending on the last day of the month in which death occurs or the actuarial equivalent thereof paid in such manner as specified by the member pursuant to Section 901 et seq. of

this title or as otherwise allowed to be paid at the discretion of the Board;

(30) "Retirement coordinator" means the individual designated by each participating employer through whom System transactions and communication shall be directed;

(31) "Social Security" means the old-age survivors and disability section of the Federal Social Security Act;

(32) "Total disability" means a physical or mental disability accepted for disability benefits by the Federal Social Security System;

(33) "Service-connected disability benefits" means military service benefits which are for a service-connected disability rated at twenty percent (20%) or more by the Veterans Administration or the Armed Forces of the United States;

(34) "Elected official" means a person elected to a state office in the legislative or executive branch of state government or a person elected to a county office for a definite number of years and shall include an individual who is appointed to fill the unexpired term of an elected state official;

(35) "Elected service" means the period of service as an elected official; and

(36) "Limitation year" means the year used in applying the limitations of Section 415 of the Internal Revenue Code of 1986, which year shall be the calendar year.

SECTION 34. AMENDATORY 74 O.S. 2011, Section 3601.1, is amended to read as follows:

Section 3601.1 A. For purposes of Sections 3601.1 through 3603 of this title, the term "employee" means a full-time employee or any number of part-time employees whose combined weekly hours of employment equal those of a full-time employee, but shall not include temporary employees working on a seasonal basis between May 1 and October 31.

B. Beginning July 1, 2008, the maximum number of full-time-equivalent employees for each of the following agencies, boards, commissions, departments, or programs shall not exceed the numbers specified in this section, except as may be authorized pursuant to the provisions of Section 3603 of this title.

	MAXIMUM NUMBER OF FULL-TIME-EQUIVALENT EMPLOYEES
~~Board of Managers of the State Insurance Fund~~	~~591~~
Oklahoma Employment Security Commission	1150
Oklahoma Accountancy Board	11
Board of Governors of the Licensed Architects, Landscape Architects and Interior Designers of Oklahoma	4
Board of Chiropractic Examiners	3
State Board of Cosmetology	16

Board of Dentistry	5
Oklahoma State Board of Embalmers and Funeral Directors	5
State Board of Registration for Professional Engineers and Land Surveyors	10
State Board of Medical Licensure and Supervision/ Board of Podiatric Medical Examiners/State Board of Examiners of Perfusionists	29
Commission on Marginally Producing Oil and Gas Wells	5
Oklahoma Motor Vehicle Commission	6
Oklahoma Board of Nursing	30
Oklahoma State Board of Examiners for Nursing Home Administrators	4
Board of Examiners in Optometry	3
State Board of Osteopathic Examiners	7
Oklahoma Peanut Commission	2
Oklahoma State Board of Pharmacy	10
State Board of Examiners of Psychologists	2
Oklahoma Real Estate Commission	26
Board of Examiners for Speech-Language Pathology and Audiology	2
Oklahoma Used Motor Vehicle and Parts Commission	12
State Board of Veterinary Medical Examiners	6

Oklahoma Wheat Utilization, Research and Market Development Commission	7
Oklahoma Firefighters Pension and Retirement System	13
Oklahoma Police Pension and Retirement System	12
Teachers' Retirement System of Oklahoma	52
Oklahoma Public Employees Retirement System	63
Oklahoma Student Loan Authority	85
Oklahoma Industrial Finance Authority/Oklahoma Development Finance Authority	10
State and Education Employees Group Insurance Board	178
Oklahoma Capital Investment Board	4
State Board of Licensed Social Workers	1
Oklahoma State Employees Benefits Council	38
Oklahoma State Banking Department	46
Liquefied Petroleum Gas Administration	10

C. The duties and compensation of employees, not otherwise prescribed by law, necessary to perform the duties imposed upon the Oklahoma Public Employees Retirement System Board of Trustees by law shall be set by the Board of Trustees.

D. Temporary employees of the Oklahoma Used Motor Vehicle and Parts Commission between the dates of November 1 and January 31

annually shall not be counted toward the maximum number of full-time-equivalent employees provided for in this section.

SECTION 35. AMENDATORY 74 O.S. 2011, Section 3601.2, as amended by Section 1007, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2012, Section 3601.2), is amended to read as follows:

Section 3601.2 A. Beginning January 1, 2010, the agency, board, commission, department or program shall establish the salary of each of the chief executive officers for which they have appointing authority. Such salary shall be set between the minimum and maximum of the range specified below, for full-time employees only, per annum, payable monthly, pursuant to the limitations outlined below:

1. If the chief executive officer's salary is below the minimum annual salary then it can not be raised to more than the minimum annual salary in one (1) fiscal year. If the chief executive officer's salary is at or above the minimum annual salary then the salary may not be increased above the midpoint in one (1) fiscal year.

2. Such increases shall not occur more than once in a fiscal year; and

3. The salary of the incumbent chief executive officer shall not be increased if the officer's salary exceeds the maximum of the range.

	MINIMUM	MIDPOINT	MAXIMUM

	ANNUAL SALARY	ANNUAL SALARY	ANNUAL SALARY
~~CompSource Oklahoma~~	~~$86,136.00~~	~~$101,337.00~~	~~$116,536.00~~
Oklahoma Employment Security Commission	$93,190.00	$109,635.00	$126,080.00
Board of Governors of the Licensed Architects, Landscape Architects and Interior Designers of Oklahoma	$45,513.00	$62,757.00	$80,000.00
Board of Chiropractic Examiners	$46,788.00	$55,044.00	$63,301.00
State Board of Cosmetology	$46,788.00	$55,044.00	$63,301.00
Board of Dentistry	$54,956.00	$64,334.00	$75,687.00
Oklahoma Funeral Board	$46,788.00	$55,044.00	$63,301.00
State Board of Registration for Professional Engineers and Land Surveyors	$55,748.00	$65,585.00	$75,424.00
State Board of Medical Licensure and Supervision, Board of Podiatric Medical Examiners/State Board of			

Examiners of Perfusionists	$67,551.00	$79,471.00	$91,392.00
Commission on Marginally Producing Oil and Gas Wells	$55,748.00	$65,585.00	$75,424.00
Oklahoma Motor Vehicle Commission	$55,748.00	$65,585.00	$75,424.00
Oklahoma Board of Nursing	$67,551.00	$79,471.00	$91,392.00
Oklahoma State Board of Examiners for Nursing Home Administrators	$46,788.00	$55,044.00	$63,301.00
State Board of Osteopathic Examiners	$54,956.00	$64,334.00	$75,687.00
Oklahoma Peanut Commission	$45,513.00	$55,044.00	$63,300.00
State Board of Examiners of Psychologists	$46,788.00	$55,044.00	$63,301.00
Oklahoma Real Estate Commission	$67,551.00	$79,471.00	$91,392.00
Board of Examiners for Speech-Language Pathology and Audiology	$38,001.00	$44,706.00	$51,412.00
Oklahoma Used Motor Vehicle and Parts Commission	$55,748.00	$65,585.00	$75,424.00

State Board of Veterinary Medical Examiners	$46,788.00	$55,044.00	$63,301.00
Oklahoma Wheat Utilization, Research and Market Development Commission	$55,748.00	$65,585.00	$75,424.00
Oklahoma Firefighters Pension and Retirement System	$80,732.00	$94,980.00	$109,226.00
Oklahoma Police Pension and Retirement System	$80,733.00	$94,981.00	$109,227.00
Teachers' Retirement System of Oklahoma	$86,136.00	$101,337.00	$116,536.00
Oklahoma Public Employees Retirement System	$86,136.00	$101,337.00	$116,536.00
Oklahoma Student Loan Authority	$83,790.00	$101,377.00	$116,536.00
Oklahoma Industrial Finance Authority	$80,731.00	$94,979.00	$109,225.00
Oklahoma Capital Investment Board	$80,731.00	$94,979.00	$109,225.00
State Board of Licensed Social Workers	$46,788.00	$55,044.00	$63,301.00
Grand River Dam Authority	$101,437.00	$119,339.00	$137,239.00

Oklahoma State Banking Department	$101,437.00	$119,339.00	$137,239.00
Liquefied Petroleum Gas Administration	$55,748.00	$65,585.00	$75,424.00
Oklahoma Securities Commission	$101,437.00	$119,339.00	$137,239.00

B. All increases require certification of the appointing authority that said action can be implemented for the current fiscal year and subsequent fiscal year without the need for additional funding. The agency, board, commission, department or program shall report increases granted under this section to the Office of Management and Enterprise Services on an annual basis by August 1 of each year. The Office of Management and Enterprise Services shall forward a report of such increases to the Governor, President Pro Tempore of the Senate, and Speaker of the House of Representatives no later than September 1 of each year.

C. Every two (2) years starting FY-05, the Office of Management and Enterprise Services shall review these salary ranges and report on and make recommendations on proposed salary ranges in their annual compensation reports mandated by paragraph 5 of Section 840-1.6A of this title by no later than December 1.

D. Every three (3) years the Legislature shall review the salary ranges specified in subsection A of this section.

SECTION 36. AMENDATORY 82 O.S. 2011, Section 1085.24, is amended to read as follows:

Section 1085.24 A. The State Treasurer of the State of Oklahoma is hereby authorized and required to purchase from the Water Conservation Storage Commission at private sale not to exceed at any one time One Million Five Hundred Thousand Dollars ($1,500,000.00) in said investment certificates, or interim investment certificates, as an investment of the public monies in his possession. It shall be the responsibility of the State Treasurer to invest only that portion of such public monies as it deems to be more than sufficient to meet current expenditures payable from public monies. The State Treasurer is authorized and required to buy, and the Commission is authorized and required to sell to the State Treasurer at private sale, as provided in this section, so many of the investment certificates authorized by this act as may be safely purchased for investment of public monies by the State Treasurer without handicapping the State of Oklahoma in promptly meeting its obligations. In event of such sale or sales, the Commission shall determine and fix the rate of interest and investment certificates so sold shall bear such rate of interest.

B. In the event any or all of the investment certificates are sold to the State Treasurer under the provisions of subsection A of this section and thereafter the uninvested cash on hand and in solvent banks should fall short of demand orders on the State

Treasury, it shall be the duty of the State Treasurer to sell such part or all of the investment certificates as are necessary to be converted into cash to meet such demands. The State Treasurer may sell such part or all of the said investment certificates as ~~he~~ the State Treasurer is so authorized to sell, at private sale, to ~~the State Insurance Fund,~~ the Teachers' Retirement Fund~~,~~ or any other state fund, department or agency which has available monies to purchase the same, and all such state funds, departments and agencies are hereby authorized and empowered to so purchase such investment certificates.

SECTION 37. AMENDATORY 85 O.S. 2011, Section 308, is amended to read as follows:

Section 308. As used in the Workers' Compensation Code:

1. "Actually dependent" means a surviving spouse, a child, or any other person who receives one-half (1/2) or more of his or her support from the employee;

2. "Administrator" means the Administrator of the Workers' Compensation Court;

3. "Amount in dispute" means the dollar value of any permanent disability award granted to the employee by the Court for a disability claim which is greater than the dollar amount offered by the employer that admits compensability within twenty (20) days of the filing of the Employee's First Notice of Accidental Injury and Claim for Compensation to the employee for such disability claim,

when the employer has made a written settlement offer within thirty (30) days of the employee reaching maximum medical improvement;

4. "Brother" or "sister" means a sibling of the employee under eighteen (18) years of age, eighteen (18) years of age or over and physically or mentally incapable of self-support, eighteen (18) years of age or over and actually dependent and brothers and sisters by adoption;

5. "Case management" means the ongoing coordination, by a case manager, of health care services provided to an injured or disabled worker, including, but not limited to systematically monitoring the treatment rendered and the medical progress of the injured or disabled worker; ensuring that any treatment plan follows all appropriate treatment protocols, utilization controls and practice parameters; assessing whether alternative health care services are appropriate and delivered in a cost-effective manner based upon acceptable medical standards; and ensuring that the injured or disabled worker is following the prescribed health care plan;

6. "Case manager" means a person who is a registered nurse with a current, active unencumbered license from the Oklahoma Board of Nursing, or possesses one or more of the following certifications which indicate the individual has a minimum number of years of case management experience, has passed a national competency test and regularly obtains continuing education hours to maintain certification:

a. Certified Disability Management Specialist (CDMS),

b. Certified Case Manager (CCM),

c. Certified Rehabilitation Registered Nurse (CRRN),

d. Case Manager - Certified (CMC),

e. Certified Occupational Health Nurse (COHN), or

f. Certified Occupational Health Nurse Specialist (COHN-S);

7. "Certified workplace medical plan" means an organization of health care providers or any other entity, certified by the State Commissioner of Health, that is authorized to enter into a contractual agreement with a self-insured employer, group self-insurance association plan, an employer's workers' compensation insurance carrier or an insured, which shall include any member of an approved group self-insured association, policyholder or public entity~~, regardless of whether such entity is insured by CompSource Oklahoma,~~ to provide medical care under the Workers' Compensation Code. Certified plans shall only include such plans which provide medical services and payment for services on a fee-for-service basis to medical providers and shall not include other plans which contract in some other manner, such as capitated or prepaid plans;

8. "Child" means a natural or adopted son or daughter of the employee under eighteen (18) years of age; or a natural or adopted son or daughter of an employee eighteen (18) years of age or over who is physically or mentally incapable of self-support; or any

natural or adopted son or daughter of an employee eighteen (18) years of age or over who is actually dependent; or any natural or adopted son or daughter of an employee between eighteen (18) and twenty-three (23) years of age who is enrolled as a full-time student in any accredited educational institution. The term "child" includes a posthumous child, a child legally adopted or one for whom adoption proceedings are pending at the time of death, an actually dependent stepchild or an actually dependent acknowledged child born out of wedlock;

9. "Claimant" means a person who claims benefits for an injury pursuant to the provisions of the Workers' Compensation Code;

10. a. "Compensable injury" means any injury or occupational illness, causing internal or external harm to the body, which arises out of and in the course of employment if such employment was the major cause of the specific injury or illness. An injury, other than cumulative trauma, is compensable only if it is caused by a specific incident and is identifiable by time, place and occurrence unless it is otherwise defined as compensable in this act. A compensable injury must be established by objective medical evidence. The employee has the burden of proof to establish by a preponderance of the evidence that such unexpected or unforeseen injury was in fact caused by the

employment. There is no presumption from the mere occurrence of such unexpected or unforeseen injury that the injury was in fact caused by the employment.

b. "Compensable injury" means a cardiovascular, coronary, pulmonary, respiratory, or cerebrovascular accident or myocardial infarction causing injury, illness, or death, only if, in relation to other factors contributing to the physical harm, a work-related activity is the major cause of the physical harm. Such injury shall not be deemed to be a compensable injury unless it is shown that the exertion of the work necessary to precipitate the disability or death was extraordinary and unusual in comparison to the usual work of the employee, or alternately, that some unusual incident occurred which is found to have been the major cause of the physical harm.

c. "Compensable injury" shall not include the ordinary, gradual deterioration or progressive degeneration caused by the aging process, unless the employment is a major cause of the deterioration or degeneration and is supported by objective medical evidence; nor shall it include injury incurred while engaging in or performing, or as the result of engaging in or performing, any recreational or social activities.

d. "Compensable injury" includes personal property which is established by objective medical evidence to be medically necessary and which replaces or improves normal physical function of the body, such as artificial dentures, artificial limbs, glass eyes, eye glasses and other prostheses which are placed in or on the body and is damaged as a result of the injury.

e. "Compensable injury" shall not include an injury resulting directly or indirectly from idiopathic causes; any contagious or infectious disease unless it arises out of and occurs in the scope and course of employment; or death due to natural causes occurring while the worker is at work.

f. "Compensable injury" shall not include mental injury that does not arise directly as a result of a compensable physical injury, except in the case of rape or other crime of violence which arises out of and in the course of employment;

11. "Compensation" means the money allowance payable to an employee as provided for in the Workers' Compensation Code;

12. "Consequential injury" means injury or harm to a part of the body that is a direct result of the injury or medical treatment to the part of the body originally injured in the claim. The Court shall not make a finding of a consequential injury unless it is

established by objective medical evidence that medical treatment for such part of the body is required;

13. "Continuing medical maintenance" means medical treatment that is reasonable and necessary to maintain claimant's condition resulting from the compensable injury or illness after reaching maximum medical improvement. Continuing medical maintenance shall not include diagnostic tests, surgery, injections, counseling, physical therapy, or pain management devices or equipment, unless specifically authorized by the Workers' Compensation Court in advance of such treatment;

14. "Court" means the Workers' Compensation Court;

15. "Cumulative trauma" means a compensable injury which is repetitive in nature and engaged in over a period of time, the major cause of which results from employment activities, and proved by objective medical evidence;

16. "Drive-away operations" include every person engaged in the business of transporting and delivering new or used vehicles by driving, either singly or by towbar, saddle mount or full mount method, or any combination thereof, with or without towing a privately owned vehicle;

17. "Employee" means any person engaged in the employment of an employer covered by the terms of the Workers' Compensation Code except for such persons as may be excluded elsewhere in this act. Provided, any person excluded as an employee may, if otherwise

qualified, be eligible for benefits under the Workers' Compensation Code if specifically covered by any policy of insurance covering benefits under the Workers' Compensation Code. "Employee" shall also include a member of the Oklahoma National Guard while in the performance of duties only while in response to state orders and any authorized voluntary or uncompensated worker, rendering services as a firefighter, peace officer or emergency management worker. "Employee" shall also include a participant in a sheltered workshop program which is certified by the United States Department of Labor;

18. "Employer", except when otherwise expressly stated, means a person, partnership, association, limited liability company, corporation, and the legal representatives of a deceased employer, or the receiver or trustee of a person, partnership, association, corporation, or limited liability company, departments, instrumentalities and institutions of this state and divisions thereof, counties and divisions thereof, public trusts, boards of education and incorporated cities or towns and divisions thereof, employing a person included within the term "employee" as defined in this section. Employer may also mean the employer's workers' compensation insurance carrier, if applicable;

19. "Employment" includes work or labor in a trade, business, occupation or activity carried on by an employer or any authorized voluntary or uncompensated worker rendering services as a firefighter, peace officer or emergency management worker;

20. "Evidence-based" means expert-based, literature-supported and outcomes validated by well-designed randomized trials when such information is available and which uses the best available evidence to support medical decision making;

21. "Gainful employment" means the capacity to perform employment for wages for a period of time that is not part-time, occasional or sporadic;

22. "Grandchild" means a child of a child;

23. "Impaired self-insurer" means a private self-insurer or group self-insurance association that fails to pay its workers' compensation obligations, or is financially unable to do so and is the subject of any proceeding under the Federal Bankruptcy Reform Act of 1978, and any subsequent amendments or is the subject of any proceeding in which a receiver, custodian, liquidator, rehabilitator, trustee or similar officer has been appointed by a court of competent jurisdiction to act in lieu of or on behalf of the self-insurer;

24. "Incapacity" means inadequate strength or ability to perform a work-related task;

25. "Independent medical examiner" means a licensed physician authorized to serve as a medical examiner pursuant to this act;

26. "Insurance carrier" shall include ~~CompSource Oklahoma,~~ stock corporations, reciprocal or interinsurance associations, or mutual associations with which employers have insured, <u>including</u>

CompSource Mutual Insurance Company, and employers permitted to pay compensation directly under the provisions of Section ~~51~~ 351 of this ~~act~~ title;

27. "Light duty" describes the status of an employee when a physician has declared the employee available for work with specific temporary physical restrictions;

28. "Major cause" means more than fifty percent (50%) of the resulting injury, disease or illness. A finding of major cause shall be established by a preponderance of the evidence. A finding that the workplace was not a major cause of the injury, disease or illness shall not adversely affect the exclusive remedy provisions of this act and shall not create a separate cause of action outside of this act;

29. "Maximum medical improvement" means that no further material improvement would reasonably be expected from medical treatment or the passage of time;

30. "Medical treatment" means such medical, diagnostic, surgical or other attendance or treatment, nurse and hospital service, medicine, crutches, and apparatus as may be reasonable and necessary after the compensable injury for an injured employee;

31. "Nationally recognized" includes, but is not limited to, syntheses of clinical issues that may take the form of published reports in the scientific literature, national consensus documents, formalized documents addressing standards of practice, practice

parameters from professional societies or commissions, and technology assessments produced by independent evidence-based practice centers;

32. "Objective medical evidence" means evidence which meets the criteria of Federal Rule of Evidence 702 and all U.S. Supreme Court case law applicable thereto. Objective findings are those findings which cannot come under the voluntary control of the patient. When determining physical or anatomical impairment, neither a physician, any other medical provider, a judge of the Workers' Compensation Court, nor the courts may consider complaints of pain. For the purpose of making physical or anatomical impairment ratings to the spine, physicians shall use criteria established by the American Medical Association guides or modifications thereto as approved by the Legislature. Objective evidence necessary to prove physical or anatomical impairment in occupational hearing loss cases shall be established by medically recognized and accepted clinical diagnostic methodologies, including, but not limited to, audiological tests that measure air and bone conduction thresholds and speech discrimination ability. Medical opinions addressing compensability and permanent impairment must be stated within a reasonable degree of medical certainty;

33. "Occupational disease" means only that disease or illness which is due to causes and conditions characteristic of or peculiar to the particular trade, occupation, process or employment in which

the employee is exposed to such disease. An occupational disease arises out of the employment only if the employment was the major cause of the resulting occupational disease and such is supported by objective medical evidence, as defined in this section;

34. "Peer review" means the process of subjecting submitted manuscripts, guidelines, or other clinical or scholarly work to the scrutiny of others who are experts in the same field;

35. "Permanent partial impairment" means any anatomical abnormality or loss of use after maximum medical improvement has been achieved which can be evaluated by a physician. Any examining physician shall only evaluate impairment in accordance with the method prescribed in Section ~~33~~ 333 of this ~~act~~ title. All evaluations of permanent impairment must be supported by objective medical evidence;

36. "Permanent total disability" means incapacity, because of accidental injury or occupational disease, to earn wages in any employment for which the employee may become physically suited and reasonably fitted by education, training or experience, including vocational rehabilitation. Loss of both hands, or both feet, or both legs, or both eyes, or any two thereof, shall constitute permanent total disability;

37. "Private self-insurer" means a private employer that has been authorized to self-insure its workers' compensation obligations pursuant to Section ~~51~~ 351 of this ~~act~~ title, but does not include

group self-insurance associations authorized under Section ~~51~~ 351 of this ~~act~~ title or Section 398 of this title, or any public employer that self-insures pursuant to Section ~~13~~ 313 of this ~~act~~ title;

38. "Prosthetic device" means an artificial device used to replace a part or joint of the body that is lost or injured in an accident or illness covered by this act;

39. "Qualified independent medical examiner" means a licensed medical doctor or doctor of Osteopathy qualified to serve as an independent medical examiner pursuant to this act;

40. "Scheduled member" or "member" means hands, fingers, arms, legs, feet, toes, and eyes. In addition, for purposes of the Multiple Injury Trust Fund only, "scheduled member" means hearing impairment;

41. "Scientifically based" involves the application of rigorous, systematic, and objective procedures to obtain reliable and valid knowledge relevant to medical testing, diagnoses and treatment; is adequate to justify the general conclusions drawn; and has been accepted by a peer-review journal or approved by a panel of independent experts through a comparably rigorous, objective, and scientific review;

42. "State-developed" includes formalized treatment guidelines developed and adopted by state governments, or by the Workers' Compensation Court upon recommendation of the Physician Advisory Committee;

43. “State’s average weekly wage” means the average weekly wage in this state determined by the Oklahoma Employment Security Commission annually, which shall be used to establish maximum benefits under the Workers’ Compensation Code for injuries occurring during a one-year period, which period shall begin on the first day of November after publication by the Oklahoma Employment Security Commission. For the purpose of computing benefits payable under the Workers’ Compensation Code, the state’s average weekly wage shall be rounded to the nearest dollar;

44. “Subcontractor” means a person, firm, corporation or other legal entity hired by the general or prime contractor to perform a specific task for the completion of a work-related activity;

45. “Surgery” does not include an injection, or the forcing of fluids beneath the skin, for treatment or diagnosis;

46. “Surviving spouse” means the employee’s spouse by reason of a legal marriage recognized by any state or nation or by common law, under the requirements of a common law marriage in this state, as determined by the Workers’ Compensation Court;

47. “Temporary partial disability” describes the status of an injured worker who is under active medical care that is expected to improve his or her condition and who is unable to perform some of the normal activities of his or her work or is limited to a portion of his or her normal hours of employment;

48. "Treating physician" means the licensed physician authorized to provide active medical treatment for an injured worker; and

49. "Wages" means money compensation received for employment at the time of the injury, including the reasonable value of board, rent, housing, lodging, bonuses, sales commissions, or similar advantage received from the employer.

SECTION 38. AMENDATORY 85 O.S. 2011, Section 313, is amended to read as follows:

Section 313. A. 1. All public entities of this state, their agencies and instrumentalities, authorities, and public trusts of which they are beneficiaries shall provide workers' compensation to their employees and elected officials engaged in either governmental or proprietary functions in accordance with this section. Compensation or indemnification for compensation shall be paid out of the funds of the public entities.

2. Except as otherwise provided, the state and all its institutions of higher education, departments, instrumentalities, institutions, and public trusts of which it or they are beneficiaries shall insure against liability for workers' compensation with ~~the State Insurance Fund~~ CompSource Mutual Insurance Company and shall not insure with any other insurance carrier unless:

a. ~~the State Insurance Fund~~ CompSource Mutual Insurance Company refuses to accept the risk when the application for insurance is made,

b. specifically authorized by law, or

c. the state entity can obtain workers' compensation insurance coverage at the same cost or at a lower cost from another insurance carrier licensed in this state. Effective November 1, 1999, and for the next two fiscal years thereafter, not to exceed fifteen (15) state entities each fiscal year may obtain workers' compensation insurance coverage pursuant to this subparagraph from an insurer other than ~~the State Insurance Fund~~ CompSource Mutual Insurance Company. Beginning with the third fiscal year thereafter, all state entities may obtain workers' compensation insurance coverage pursuant to this subparagraph.

3. The state, all state institutions of higher education except comprehensive universities, and all state departments, instrumentalities, institutions, and public trusts of which the state is a beneficiary, may self-insure under rules promulgated by ~~the State Insurance Fund~~ CompSource Mutual Insurance Company. Self-insurance administration may only be obtained through the State Insurance Fund. The state, all state institutions of higher education except comprehensive universities, and all state

departments, instrumentalities, institutions, and public trusts so electing to self-insure shall pay premiums set by ~~the State Insurance Fund~~ CompSource Mutual Insurance Company. ~~The State Insurance Fund~~ CompSource Mutual Insurance Company shall collect premiums, pay claims and provide for excess insurance. All dividends or profits accumulating from a self-insurance program shall be refunded to the participants on a formula devised by ~~the State Insurance Fund~~ CompSource Mutual Insurance Company.

B. All counties, cities and towns, their instrumentalities and public trusts of which they are beneficiaries shall insure against their liability for workers' compensation with ~~the State Insurance Fund~~ CompSource Mutual Insurance Company or, through any combination of the following, may:

1. Self-insure and make any appropriation of funds to cover their risk;

2. Secure reinsurance or excess insurance over and above a self-insurance retention in any manner authorized by subsections B and C of Section 167 of Title 51 of the Oklahoma Statutes;

3. Secure compensation for their employees in the manner provided in the Political Subdivision Tort Claims Act; subsection C of Section 167 of Title 51 of the Oklahoma Statutes; or

4. Insure with other insurance carriers licensed in the State of Oklahoma.

C. Boards of education, their instrumentalities and public trusts of which they are beneficiaries shall insure against their liability for workers' compensation with ~~the State Insurance Fund~~ CompSource Mutual Insurance Company or, through any combination of the following, may:

1. Self-insure and make any appropriation of funds to cover their risk;

2. Secure reinsurance or excess insurance over and above a self-insured retention in any manner authorized by ~~subsection B of Section 168 of Title 51 of the Oklahoma Statutes~~ law; or

3. Insure with other insurance carriers licensed in the State of Oklahoma.

D. Comprehensive universities shall insure against their liability for workers' compensation with ~~the State Insurance Fund~~ CompSource Mutual Insurance Company; or if it can be demonstrated to the Board of Regents of the comprehensive university prior to the inception date of a workers' compensation policy that the policy will result in a lower cost than one with ~~the State Insurance Fund~~ CompSource Mutual Insurance Company or, through any combination of the following, may:

1. Self-insure and make any appropriation of funds to cover their risk; or

2. Insure with other insurance carriers licensed in the State of Oklahoma.

E. In addition to any other provision of this section, city, county, city-county, and public trust hospitals may insure with other insurance carriers licensed in this state if it can be demonstrated to the governing body of the hospital prior to the inception date of a workers' compensation policy each year that the policy will result in a lower cost than one with ~~the State Insurance Fund~~ CompSource Mutual Insurance Company.

F. For purposes of the Workers' Compensation ~~Act~~ Code, all contracts of employment for state, county, municipal, and state funded educational entities and public trusts will be considered to have been entered into in this state regardless of where the work is performed.

G. Where a person who is employed by the state, a municipality, a county, or by any political subdivisions thereof, and who, while off-duty from the employment, is employed by a private employer, the private employer alone shall be liable for compensation under the Workers' Compensation ~~Act~~ Code for any injury or death of the person arising out of and in the course of employment which occurs during the hours of actual employment by the private employer. The provisions of this act shall be applicable to private employers specified in this subsection. The provisions of this subsection shall not relieve the state, a municipality or a county, or any political subdivision thereof, from providing disability benefits to which a person may be entitled pursuant to a pension or retirement

plan. The provisions of this subsection shall not preclude an employee or group of employees so employed from providing separate compensation coverage for off-duty employment by a private employer.

SECTION 39. AMENDATORY 85 O.S. 2011, Section 328, is amended to read as follows:

Section 328. A. If a self-insured employer, group self-insurance association plan, an employer's workers' compensation insurance carrier or an insured, which shall include any member of an approved group self-insured association, policyholder or public entity, has contracted with a workplace medical plan that is certified by the State Commissioner of Health as provided in this act, the employer shall select for the injured employee a treating physician from the physicians listed within the network of the certified workplace medical plan. The claimant may apply to the certified workplace medical plan for a one-time change of physician to another appropriate physician within the network of the certified workplace medical plan by utilizing the dispute resolution process set out in the certified workplace medical plan on file with the State Department of Health. Notwithstanding any other provision of law, those employees who are subject to such certified workplace medical plan shall receive medical treatment in the manner prescribed by the plan.

B. The provisions of this section shall not preclude an employee, who has exhausted the dispute resolution process of the

certified workplace medical plan, from petitioning the Workers' Compensation Court for a change of treating physician within the certified workplace medical plan or, if a physician who is qualified to treat the employee's injuries is not available within the plan, for a change of physician outside the plan, if the physician agrees to comply with all the rules, terms and conditions of the certified workplace medical plan; or an employee from seeking emergency medical treatment.

C. Any person or entity may make written application to the State Commissioner of Health to have a workplace medical plan certified that provides management of quality treatment to injured employees for injuries and diseases compensable under the Workers' Compensation Code. Each application for certification shall be accompanied by a fee of One Thousand Five Hundred Dollars ($1,500.00). A workplace medical plan may be certified to provide services to a limited geographic area. A certificate is valid for a five-year period, unless revoked or suspended. Application for certification shall be made in the form and manner and shall set forth information regarding the proposed program for providing services as the Commissioner may prescribe. The information shall include, but not be limited to:

1. A list of the names of all medical providers who will provide services under the plan, together with appropriate evidence

of compliance with any licensing or certification requirements for those providers to practice in this state; and

2. A description of the places and manner of providing services under the plan.

D. 1. The Commissioner shall not certify a plan unless the Commissioner finds that the plan:

a. proposes to provide quality services for all medical services which:

(1) may be required by the Workers' Compensation Code in a manner that is timely, effective and convenient for the employee, and

(2) utilizes medical treatment guidelines and protocols substantially similar to those established for use by medical service providers which have been recommended by the Physician Advisory Committee and adopted by the Administrator pursuant to this act. If the Administrator has not adopted medical treatment guidelines and protocols, the Commissioner may certify a plan that utilizes medical guidelines and protocols established by the plan if, at the discretion of the Commissioner, the guidelines and protocols are reasonable and will carry out the intent of the Workers' Compensation Code.

Certified plans must utilize medical treatment guidelines and protocols substantially similar to those adopted by the Administrator pursuant to this act, as such guidelines and protocols become adopted,

b. is reasonably geographically convenient to residents of the area for which it seeks certification,

c. provides appropriate financial incentives to reduce service costs and utilization without sacrificing the quality of service,

d. provides adequate methods of peer review, utilization review and dispute resolution to prevent inappropriate, excessive or medically unnecessary treatment, and excludes participation in the plan by those providers who violate these treatment standards,

e. requires the dispute resolution procedure of the plan to include a requirement that disputes on an issue, including a subsequent change of physician as described in the provisions of this section, related to medical care under the plan, be attempted to be resolved within ten (10) days of the time the dispute arises and if not resolved within ten (10) days, the employee may pursue remedies in the Court.

f. provides aggressive case management for injured employees and a program for early return to work,

g. provides workplace health and safety consultative services,

h. provides a timely and accurate method of reporting to the Commissioner necessary information regarding medical service costs and utilization to enable the Commissioner to determine the effectiveness of the plan,

i. authorizes necessary emergency medical treatment for an injury provided by a provider of medical, surgical, and hospital services who is not a part of the plan,

j. does not discriminate against or exclude from participation in the plan any category of providers of medical, surgical, or hospital services and includes an adequate number of each category of providers of medical, surgical, and hospital services to give participants access to all categories of providers and does not discriminate against ethnic minority providers of medical services, and

k. complies with any other requirement the Commissioner determines is necessary to provide quality medical services and health care to injured employees.

2. The Commissioner may accept findings, licenses or certifications of other state agencies as satisfactory evidence of compliance with a particular requirement of this section.

E. If any insurer~~, except CompSource Oklahoma,~~ fails to contract with or provide access to a certified workplace medical plan, an insured, after sixty (60) days' written notice to its insurance carrier, shall be authorized to contract independently with a plan of his or her choice for a period of one (1) year, to provide medical care under the Workers' Compensation Code. The insured shall be authorized to contract, after sixty (60) days' written notice to its insurance carrier, for additional one-year periods if his or her insurer has not contracted with or provided access to a certified workplace medical plan.

F. ~~If CompSource Oklahoma fails to contract with at least three certified workplace medical plans, each covering at least fifty counties, then the insured, after sixty (60) days' written notice to CompSource Oklahoma, shall be authorized to contract independently with a plan of the insured's choice for a period of one (1) year to provide medical care under the Workers' Compensation Code. The insured shall be authorized to contract, after sixty (60) days' written notice to CompSource Oklahoma, for additional one-year periods if CompSource Oklahoma has not contracted with or fails to continue contracts with at least three certified workplace medical plans covering at least fifty counties.~~ A workers' compensation

insurance carrier~~, CompSource Oklahoma,~~ or a group self-insurance association plan may grant a ten-percent premium reduction to an employer who is not experience rated when the employer participates in a certified workplace medical plan.

G. The Commissioner shall refuse to certify or shall revoke or suspend the certification of a plan if the Commissioner finds that the program for providing medical or health care services fails to meet the requirements of this section, or service under the plan is not being provided in accordance with the terms of the plan.

H. The State Commissioner of Health shall implement a site visit protocol for employees of the State Department of Health to perform an inspection of a certified workplace medical plan to ensure that medical services to a claimant and the medical management of the claimant's needs are adequately met in a timely manner and that the certified workplace medical plan is complying with all other applicable provisions of this act and the rules of the State Department of Health. Such protocol shall include, but not be limited to:

1. A site visit shall be made to each certified workplace medical plan not less often than once every year, but not later than thirty (30) days following the anniversary date of issuance of the initial or latest renewal certificate;

2. A site visit shall conclude with a determination that a certified workplace medical plan is or is not operating in

accordance with its latest application to the State Department of Health;

3. Compliant operations shall include, but not be limited to:

a. timely and effective medical services available with reasonable geographic convenience,

b. appropriate treatment guidelines and protocols, and

c. effective programs for utilization review, case management, grievances, and dispute resolution;

4. Performance of a site visit shall include:

a. inspection of organizational documentation,

b. inspection of systems documentation and processes,

c. random or systematic sampling of closed and open case management cases (files),

d. random or systematic sampling, or a one-hundred-percent inspection of all dispute resolution, grievance, and Department of Health request for assistance files,

e. workplace medical plan employee and management interviews, as appropriate;

5. An initial site visit may occur with an interval of less than twelve (12) months to a recently certified plan, or a site visit may occur more often than once in every twelve (12) months if the State Commissioner of Health has reason to suspect that a plan is not operating in accordance with its certification;

6. If a deficient practice is identified during a site visit, the State Department of Health shall require a certified workplace medical plan to submit a timely and acceptable written plan of correction, and then may perform a follow-up visit or visits to ensure that the deficient practice has been eliminated;

7. A deficient practice that is not remedied by a certified workplace medical plan on a timely basis shall require the State Commissioner of Health to revoke or to suspend the certification of a plan;

8. The fees payable to the State Department of Health shall be:

a. One Thousand Five Hundred Dollars ($1,500.00) for an initial, annual site visit,

b. One Thousand Dollars ($1,000.00) if a follow-up visit is performed,

c. separate from the once in five (5) years certification application fee, and

d. charged only if less than two site visits occur in a twelve-month period; and

9. In addition to the site visit fee, employees of the State Department of Health may charge to the certified workplace medical plan reasonable travel and travel-related expenses for the site visit such as overnight lodging and meals. A certified workplace medical plan shall reimburse travel expenses to the State Department

of Health at rates equal to the amounts then currently allowed under the State Travel Reimbursement Act.

I. The State Board of Health shall adopt such rules as may be necessary to implement the provisions of this act and this section. Such rules shall authorize any person to petition the State Commissioner of Health for decertification of a certified workplace medical plan for material violation of any rules promulgated pursuant to this section.

SECTION 40. AMENDATORY 85 O.S. 2011, Section 339, is amended to read as follows:

Section 339. A. If the employee and employer shall reach an agreement for the full, final and complete settlement of any issue of a claim pursuant to the Workers' Compensation Code, a form designated as "Compromise Settlement" shall be signed by both the employer and employee, or representatives thereof, and shall be approved by a judge of the Workers' Compensation Court or the Administrator of the Workers' Compensation Court and filed with the Administrator. In cases in which the employee is not represented by legal counsel, a judge of the Court or the Administrator shall have jurisdiction to approve a full, final and complete settlement of any issue upon the filing of an Employer's First Notice of Injury. There shall be no requirement for the filing of an Employee's First Notice of Accidental Injury and Claim for Compensation to effect

such settlement in cases in which the employee is not represented by legal counsel.

B. In the event all issues of a claim are not fully, finally and completely settled by a Compromise Settlement, the issues not settled by the parties and subject to the Court's continuing jurisdiction must be noted by appendix to the Compromise Settlement or on a form created for such purpose by the Administrator. The appendix must be signed by the parties and approved by the Court as set forth herein.

C. In the absence of fraud, a Compromise Settlement shall be deemed binding upon the parties thereto and a final adjudication of all rights pursuant to the Workers' Compensation Code. An official record shall be made by a court reporter of the testimony taken to effect the Compromise Settlement.

D. A good-faith effort shall be made on the part of any insurance carrier~~, CompSource Oklahoma,~~ or group self-insured plan to notify an insured employer of the possibility of and terms of any settlement of a workers' compensation case pursuant to this section. Written comments or objections to settlements shall be filed with the Court and periodically shared with the management of the applicable insurer. A written notice shall be made to all policyholders of their right to a good faith effort by their insurer to notify them of any proposed settlement, if the policyholder so chooses.

SECTION 41. AMENDATORY 85 O.S. 2011, Section 352, is amended to read as follows:

Section 352. A. In addition to any other penalty prescribed by law, any employer who fails to secure compensation required by Section ~~51~~ 351 of this ~~act~~ title shall be liable for a civil penalty, to be assessed by the Commissioner of Labor or designee, of not more than Two Hundred Fifty Dollars ($250.00) per employee for a first offense, unless the employer secures workers' compensation insurance within thirty (30) days after receiving notice of the violation. If the employer secures workers' compensation insurance within thirty (30) days after receiving notice of the violation, the employer shall be liable for a civil penalty of not more than Seventy-five Dollars ($75.00) per employee. An employer shall be liable for a civil penalty of not more than One Thousand Dollars ($1,000.00) per employee for a second or subsequent offense. Provided, the maximum civil penalty shall not exceed Ten Thousand Dollars ($10,000.00) for all related series of violations. All civil penalties collected shall be deposited in the Department of Labor Revolving Fund and shall be used to enforce the provisions of the Workers' Compensation Code.

B. After an employer is cited for two offenses of failing to obtain workers' compensation insurance and fails to obtain coverage within thirty (30) days of the second citation, the Commissioner of Labor shall issue cease and desist orders, in accordance with the

Department of Labor administrative rules and procedures, against an employer until the violating employer shall obtain workers' compensation insurance for its employees. The Commissioner of Labor shall have the authority to require the cessation of activities of an employer whose employees are not covered by workers' compensation insurance until the violating employer shall obtain workers' compensation insurance for its employees; provided that an employer who has made application for workers' compensation coverage with ~~either CompSource Oklahoma or a private~~ an insurance carrier, and who, through no fault of the employer, has not received notice that such coverage has commenced, shall not be made to cease operations, as provided for in this section, until a determination has been made concerning the employee's application for workers' compensation coverage. Any order to cease and desist issued by the Commissioner may be enforced in district court. The district court may issue the Commissioner an injunction without bond, for the purposes of enforcing this section.

C. The Commissioner of Labor or designee shall assess and collect any civil penalty incurred under subsection A of this section and, in the Commissioner's discretion, may remit, mitigate or negotiate the penalty. In determining the amount of the penalty to be assessed, or the amount agreed upon in any negotiation, consideration shall be given to the appropriateness of such penalty in light of the life of the business of the employer charged, the

gravity of the violation, and the extent to which the employer charged has complied with the provisions of Section ~~51~~ 351 of this ~~act~~ title or has otherwise attempted to remedy the consequences of the violation.

SECTION 42. AMENDATORY 85 O.S. 2011, Section 373, is amended to read as follows:

Section 373. A. There is hereby created a Physician Advisory Committee comprised of nine (9) members to be appointed as follows:

1. The Governor shall appoint three members, one of whom shall be licensed in this state as a doctor of medicine and surgery, one of whom shall be engaged in the practice of family medicine in a rural community of the state, and one of whom shall be an osteopathic physician;

2. The President Pro Tempore of the Senate shall appoint three members, one of whom shall be licensed in this state as a doctor of medicine and orthopedic surgery, one of whom shall be licensed in this state either as a doctor of medicine or a doctor of osteopathy and a neurosurgeon, and one of whom shall be licensed in this state as a podiatric physician; and

3. The Speaker of the House of Representatives shall appoint three members, one of whom shall be licensed in this state as an osteopathic physician, one of whom shall be licensed in this state either as a doctor of medicine or a doctor of osteopathy and shall

be engaged in the practice of occupational medicine, and one of whom shall be licensed in this state as a chiropractic physician.

The terms of members serving on the effective date of this act shall end on the effective date of this act. Thereafter, each position will be filled by the appointing official for a term of three (3) years. Members shall be subject to reappointment, with any new appointee to serve out the remainder of the unexpired term of the Committee member so replaced.

B. The Committee shall:

1. Assist and advise the Administrator of the Workers' Compensation Court regarding utilization review as it relates to the medical practice and treatment of work-related injuries. Such utilization review shall include a review of reasonable and necessary medical treatment; abusive practices; needless treatments, testing, or procedures; or a pattern of billing in excess of or in violation of the Schedule of Medical Fees. The Physician Advisory Committee shall review and make findings and recommendations to the Administrator with respect to charges of inappropriate or unnecessary treatment or procedures, abusive practices, or excessive billing disclosed through utilization review;

2. Assist the Administrator in reviewing medical practices of health care providers, including evaluations of permanent impairment provided by health care providers. The Committee shall review and make findings and recommendations to the Administrator with respect

to charges of abusive practices by health care providers providing medical services or evaluations of permanent impairment through the workers' compensation system;

3. After public hearing, review and make recommendations for acceptable deviations from the American Medical Association's "Guides to the Evaluation of Permanent Impairment";

4. After public hearing, review and make recommendations to the Administrator for an alternative method or system to evaluate permanent impairment that shall be used in place of or in combination with the American Medical Association's "Guides to the Evaluation of Permanent Impairment". Appropriate and scientific data shall be considered;

5. After public hearing, adopt Oklahoma Treatment Guidelines and protocols for medical treatment not addressed by the current edition of the Official Disability Guidelines or addressed but not recommended in the ODG section in regard to injuries to the cervical, thoracic, and lumbar spine. The Oklahoma Treatment Guidelines shall be adopted on or before March 1, 2012, and shall remain in full force and effect until superseded.

a. The OTG shall be based upon evidence based medicine and scientifically based and nationally peer reviewed literature and shall include treatment for the top fifteen (15) medically-recognized conditions (ICD-9 or successor codes).

b. When completed, the OTG shall be submitted to the Oklahoma Workers' Compensation Advisory Council for review. After due notice and public hearing, the Council shall issue a report to the Administrator concerning the OTG submitted. After due notice and public hearing, the Administrator shall adopt or reject the proposal submitted. The OTG shall be submitted by the Administrator to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate within ten (10) legislative days following adoption. The OTG submitted shall be subject to disapproval by joint or concurrent resolution of the Legislature during the legislative session in which submitted. If disapproved, the existing treatment guidelines shall continue in effect. If the Legislature takes no action on the OTG submitted by the Administrator, the OTG shall become operative thirty (30) days following the adjournment of the Legislature;

6. After public hearing, adopt Oklahoma Treatment Guidelines for the prescription and dispensing of any controlled substance included in Schedule II of the Uniform Controlled Dangerous Substances Act if not addressed by the current edition of the Official Disability Guidelines;

7. Review utilization on cases or of providers when requested by any employer, injured employee or insurer. The Committee may issue a public or private censure to any provider for utilization which is excessive or inadequate, or recommend the Court order treatment within the treatment guidelines;

8. Provide general recommendations to the judges of the Court on the issues of injury causation and apportionment;

9. Conduct educational seminars for the judges of the Court, employers, employees, and other interested parties;

10. Assist the judges of the Court in accessing medical information from scientific literature; and

11. Report its progress annually to the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

C. The Court shall be bound by treatment guidelines of the latest edition of the Official Disability Guidelines or the Oklahoma Treatment Guidelines.

D. Members of the Physician Advisory Committee shall receive no compensation for serving on the Committee but shall be reimbursed by the Court for their necessary travel expenses incurred in the performance of their duties in accordance with the State Travel Reimbursement Act.

E. Meetings of the Physician Advisory Committee shall be called by the Administrator but held at least quarterly. The presence of a

simple majority of the members constitutes a quorum. No action shall be taken by the Physician Advisory Committee without the affirmative vote of at least a simple majority of the members.

F. The Administrator shall provide office supplies and personnel of the Court to assist the Committee in the performance of its duties.

G. Upon written request, the Insurance Commissioner~~, CompSource Oklahoma,~~ and every approved self-insured employer in Oklahoma shall provide the Committee with data necessary to the performance of its duties.

H. Any health care provider acting in good faith and within the scope of the provider's duties as a member of the Physician Advisory Committee shall be immune from civil liability for making any report or other information available to the judges of the Court or to the Administrator or for assisting in the origination, investigation, or preparation of the report or other information so provided.

SECTION 43. AMENDATORY 85 O.S. 2011, Section 375, is amended to read as follows:

Section 375. There is hereby created and established a fund to be known as "CompSource Oklahoma", to be administered by a President and Chief Executive Officer, without liability on the part of the state beyond the amount of said fund, for the purpose of insuring employers against liability for compensation under Sections ~~131~~ 376.1 through ~~151~~ 400 of this title, and for assuring for the

persons entitled thereto compensation provided by the workers' compensation law, and for the further purpose of insuring persons, firms and corporations against loss, expense or liability by reason of bodily injury, death by accident, occupational disability, or occupational disease suffered by employees, for which the insured may be liable or have assumed liability. Said fund may further provide insurance for employers against liability incurred as the result of injuries sustained by employees engaged in employment subject to the ~~Longshoremen's~~ Longshore and Harbor Workers' Compensation Act, 33 U.S.C., Section 901 et seq., or employees engaged in employment subject to Title IV of the Federal Coal Mine Health and Safety Act of 1969 as amended by the Black Lung Benefits Act of 1972, as enacted or as may be amended by the Congress of the United States.

~~(a)~~ 1. CompSource Oklahoma shall be a revolving fund and shall consist of all premiums received and paid into said fund for insurance issued, all property and securities acquired by and through the use of monies belonging to the fund and all interest earned upon monies belonging to the fund and deposited or invested as herein provided.

~~(b)~~ 2. Said fund shall be applicable to the payment of losses sustained on account of insurance and to the payment of expenses in the manner provided in Sections ~~131~~ 376.1 through ~~151~~ 400 of this title.

~~(c)~~ 3. Said fund shall be fairly competitive with other insurance carriers and it is the intent of the Legislature that said fund shall become neither more nor less than self-supporting.

~~(d)~~ 4. CompSource Oklahoma shall report to the Insurance Commissioner no later than the last day of February of each year the amount of premium taxes and fees for which it would be liable if it were operating as a private carrier.

~~(e)~~ 5. CompSource Oklahoma shall not be subject to:

a. Sections 301 through 314 of Title 25, Oklahoma Open Meeting Act,

b. Sections 151 through 158.2 of Title 47, State-Owned Automobiles,

c. Sections 24A.1 through 24A.29 of Title 51, Oklahoma Open Records Act,

d. Title 61 of the Oklahoma Statutes, Public Buildings and Public Works,

e. Title 62 of the Oklahoma Statutes, Public Finance,

f. Sections 3-101 through 3-115 of Title 65, Department of Libraries,

g. Sections 201 through 217 of Title 67, Records Management Act,

h. Sections 301 through 303 of Title 67, Reproduction of Public Records,

i. Sections 3301 through 3305 of Title 74, State Agencies,

j. Chapters 4, 8, 10, 13, 19, 30, 31, 48, 49, 53, 56, 81 and 110A of Title 74,

k. Section 34.2 of Title 80, and

l. all provisions from which CompSource Oklahoma was permanently exempted pursuant to Sections 3316 and 3317 of Title 74.

6. To facilitate the transition from operating as CompSource Oklahoma to CompSource Mutual Insurance Company, CompSource Oklahoma may, but is not required to, comply with:

a. Title 62 of the Oklahoma Statutes, Public Finance,

b. Chapters 16, 17, 27A, 37, 37A, 37B, 38A, 38B, 45, 45A and 61 of Title 74 of the Oklahoma Statutes, and

c. any other provision in the Oklahoma Statutes as is necessary to facilitate the transition from CompSource Oklahoma to CompSource Mutual Insurance Company.

7. The official name of the fund which is known as "The State Insurance Fund" shall be designated in all future references as "CompSource Oklahoma". Any references in the Oklahoma Statutes to The State Insurance Fund shall be deemed references to CompSource Oklahoma.

SECTION 44. AMENDATORY 85 O.S. 2011, Section 376, as amended by Section 1078, Chapter 304, O.S.L. 2012 (85 O.S. Supp. 2012, Section 376), is amended to read as follows:

Section 376. A. There is hereby created a Board to be known as the "Board of Managers of CompSource Oklahoma", which ~~Board~~ shall have supervision over the administration and operation of CompSource Oklahoma, and shall be composed of eight (8) members as follows:

1. The Director of the Office of Management and Enterprise Services or a designee;

2. The Lieutenant Governor or a designee;

3. The State Auditor and Inspector or a designee;

4. One member appointed by the Governor;

5. Two members appointed by the Speaker of the House of Representatives, one of whom shall be representative of employers; and

6. Two members appointed by the President Pro Tempore of the Senate, one of whom shall be representative of employees.

The appointed members of the Board shall serve at the pleasure of the appointing authority.

B. The members of the Board shall elect annually from their number a Chair and a Secretary. The Secretary shall keep true and complete records of all proceedings of the Board. The Board shall meet quarterly, and at all other times when a meeting is called by the Chair, and at such meetings the Board may consider the condition

of CompSource Oklahoma and quarterly shall make a detailed examination into the condition of its reserves and investments and at each meeting may examine all other matters relating to the administration of such fund. The time and place of the regular meetings and the manner in which special meetings may be called shall be set forth in the bylaws of the said Fund. Except as otherwise provided in this act or in the bylaws, all actions shall be taken by the affirmative vote of a majority of the Board members present at a meeting, except that no investment policy and no amendment of bylaws shall be valid unless authorized or ratified by the affirmative vote of at least four Board members.

C. Appointed members of the Board shall be reimbursed for expenses as provided in the State Travel Reimbursement Act. Said reimbursement, not to exceed thirty (30) days in any calendar year, shall be paid only when the Board is transacting official business. Any reimbursement in excess of thirty (30) days shall be approved by a majority of the Board. The Board shall have access to all records and books of account and shall have power to require the presence or appearance of any officer or employee of CompSource Oklahoma. All information obtained by the members of the Board shall be confidential unless disclosed by order of the Board.

D. No person or organization in a position to influence official action of members of the Board of Managers of CompSource Oklahoma, the President and Chief Executive Officer, and the

employees of CompSource Oklahoma shall furnish presents, gratuities, transportation, lodging, educational seminars, conferences, meetings, or similar functions to the Board of Managers of CompSource Oklahoma, the President and Chief Executive Officer, and the employees of CompSource Oklahoma other than as provided by law and the rules of the Ethics Commission.

E. The official name of the Board of Managers which is known as the "Board of Managers of the State Insurance Fund" shall be designated in all future references as the "Board of Managers of CompSource Oklahoma". Any references in the Oklahoma Statutes to the Board of Managers of the State Insurance Fund shall be deemed references to the Board of Managers of CompSource Oklahoma.

SECTION 45. AMENDATORY 85 O.S. 2011, Section 380, is amended to read as follows:

Section 380. A. 1. Volunteer fire departments organized pursuant to state law may obtain workers' compensation insurance for volunteer firefighters through the Volunteer Firefighter Group Insurance Pool pursuant to requirements established by CompSource ~~Oklahoma~~ Mutual Insurance Company which shall administer the Pool. For the premium set by CompSource ~~Oklahoma~~ Mutual Insurance Company, the state shall provide Fifty-five Dollars ($55.00) per firefighter per year. Except as otherwise provided by subsection D of this section, the total amount paid by the state shall not exceed Three Hundred Twenty Thousand Three Hundred Thirty-eight Dollars

($320,338.00) per year or so much thereof as may be necessary to fund the Volunteer Firefighter Group Insurance Pool.

2. CompSource ~~Oklahoma~~ Mutual Insurance Company shall collect the premium from state agencies, public trusts and other instrumentalities of the state. Any funds received by CompSource ~~Oklahoma~~ Mutual Insurance Company from any state agency, public trust, or other instrumentality for purposes of workers' compensation insurance pursuant to this section shall be deposited to the credit of the Volunteer Firefighter Group Insurance Pool. CompSource ~~Oklahoma~~ Mutual Insurance Company shall collect premiums, pay claims, and provide for excess insurance as needed.

B. CompSource ~~Oklahoma~~ Mutual Insurance Company shall report, annually, to the Governor, the Speaker of the Oklahoma House of Representatives, and the President Pro Tempore of the State Senate the number of enrollees in the Volunteer Firefighter Group Insurance Pool, and the amount of any anticipated surplus or deficiency of the Pool; and shall also provide to the Governor, the Speaker of the Oklahoma House of Representatives and the President Pro Tempore of the State Senate sixty (60) days advance notice of any proposed change in rates for the Volunteer Firefighter Group Insurance Pool.

C. The amount of claims paid, claim expenses, underwriting losses, loss ratio, or any other financial aspect of the Volunteer Firefighter Group Insurance Pool shall not be considered when determining or considering bids for the amount of any premiums,

rates, or expenses owed by, or any discounts, rebates, dividends, or other financial benefits owed to any other policyholder of CompSource ~~Oklahoma~~ Mutual Insurance Company.

D. Except as otherwise provided by law, any increase in the state payment rate for volunteer firefighters under the Volunteer Firefighter Group Insurance Pool shall not exceed five percent (5%) per annum. Any proposed change in rates for the Volunteer Firefighter Group Insurance Pool must be approved by the Board of ~~Managers~~ Directors of CompSource ~~Oklahoma~~ Mutual Insurance Company with notice provided pursuant to subsection B of this section. CompSource ~~Oklahoma~~ Mutual Insurance Company shall not increase premiums for the Volunteer Firefighter Group Insurance Pool more than once per annum.

E. For purposes of this section, the term "volunteer fire departments" includes those volunteer fire departments which have authorized voluntary or uncompensated workers rendering services as firefighters and are created by statute pursuant to Section 592 of Title 18 of the Oklahoma Statutes, Sections 29-201 through ~~29-205~~ 29-204 of Title 11 of the Oklahoma Statutes, and those defined by Section 351 of Title 19 of the Oklahoma Statutes.

SECTION 46. AMENDATORY 85 O.S. 2011, Section 396, is amended to read as follows:

Section 396. ~~A.~~ Information acquired by the CompSource Oklahoma President and Chief Executive Officer or the officers or

employees of CompSource Oklahoma, from persons, firms or corporations insured by CompSource Oklahoma, or from employees of such persons, firms or corporations pursuant to this article shall not be open to public inspection, and any officer or employee of the State of Oklahoma, who without authority of the Commissioner, or pursuant to the rules prescribed by the CompSource Oklahoma President and Chief Executive Officer, or as otherwise required by law, shall disclose the same, shall be guilty of a misdemeanor.

~~B. For the purpose of implementing Section 142a of this title, the CompSource Oklahoma President and Chief Executive Officer shall provide to the Commissioner of Labor annually, upon request, a listing of the insureds of CompSource Oklahoma with the name, address and nature of business or occupation of the insured.~~

SECTION 47. AMENDATORY 85 O.S. 2011, Section 403, as amended by Section 1082, Chapter 304, O.S.L. 2012 (85 O.S. Supp. 2012, Section 403), is amended to read as follows:

Section 403. A. There is hereby created, for the purposes declared in this act, the "Multiple Injury Trust Fund" to be derived from the following sources:

1. As soon as practicable after January 1 of each year, the Administrator of the Workers' Compensation Court shall establish an assessment rate applicable to each mutual or interinsurance association, stock company, ~~CompSource Oklahoma,~~ or other insurance carrier writing workers' compensation insurance in this state, each

employer carrying its own risk, and each group self-insurance association, for amounts for purposes of computing the assessment authorized by this section necessary to pay the annual obligations of the Multiple Injury Trust Fund determined on or before December 31 of each year by the ~~Board of Managers of CompSource Oklahoma~~ MITF Director to be outstanding for the next calendar year, and to pay the allocations provided for in subsection I of this section. The rate shall be equal for all parties required to pay the assessment. The Board of Directors for CompSource Mutual Insurance Company shall have the power to disapprove the rate established by the MITF Director until the Multiple Injury Trust Fund repays in full the amount due on any loan from CompSource Mutual Insurance Company or its predecessor CompSource Oklahoma. If the MITF Director and CompSource Mutual Insurance Company have not agreed on the assessment rate within thirty (30) days, the Administrator of the Workers' Compensation Court shall set an assessment rate sufficient to cover all foreseeable obligations of the Multiple Injury Trust Fund, including interest and principle owed by the Fund on any loan. The rate in effect on the effective date of this act shall remain effective through June 30, 2012;

2. The Oklahoma Tax Commission shall assess and collect from any uninsured employer a temporary assessment at the rate of five percent (5%) of the total compensation for permanent total disability awards, permanent partial impairment awards, and death

benefits paid out during each quarter of the calendar year by the employers;

3. The assessments shall be paid to the Tax Commission. Insurance carriers, self-insurers~~,~~ and group self-insurance associations ~~and CompSource Oklahoma~~ shall pay the assessment in four equal installments not later than the fifteenth day of the month following the close of each quarter of the calendar year of the assessment. Assessments shall be determined based upon gross direct written premiums, normal premiums or actual paid losses of the paying party, as applicable, during the calendar quarter for which the assessment is due. Uninsured employers shall pay the assessment not later than the fifteenth day of the month following the close of each quarter of the calendar year of the assessment. For purposes of this section, "uninsured employer" means an employer required by law to carry workers' compensation insurance but who has failed or neglected to do so. Only one-third (1/3) of assessments against insurance carriers ~~and CompSource Oklahoma~~ may be charged to policyholders and shall not be considered in determining whether any rate is excessive. The remaining two-thirds (2/3) of assessments against insurance carriers ~~and CompSource Oklahoma~~ may not be included in any rate, premium, charge, fee, assessment or other amount to be collected from a policyholder. Insurance carriers ~~and CompSource Oklahoma~~ shall not separately state the amount of the assessment on any invoice or billing assessment.

a. The assessment authorized in this section shall be determined using a rate equal to the proportion that the sum of the outstanding obligations of the Multiple Injury Trust Fund as determined pursuant to paragraph 1 of this subsection and the allocations provided for in subsection I of this section bear to the combined gross direct written premiums of all such insurers; all actual paid losses of all individual self-insureds; and the normal premium of all group self-insurance associations, for the year period from January 1 to December 31 preceding the assessment.

b. For purposes of this subsection:

(1) "actual paid losses" means all medical and indemnity payments, including temporary disability, permanent disability, and death benefits, and excluding loss adjustment expenses and reserves, and

(2) "normal premium" means a standard premium less any discounts;

4. By April 15 of each year, the Insurance Commissioner, ~~Board of Managers of CompSource Oklahoma~~ the MITF Director, and each individual and group self-insured shall provide the Administrator with such information as the Administrator may determine is necessary to effectuate the purposes of this section;

5. Each mutual or interinsurance association, stock company, ~~CompSource Oklahoma,~~ or other insurance carrier writing workers' compensation insurance in this state, and each employer carrying its own risk, including each group self-insurance association, shall be notified by the Administrator in writing of the rate for the assessment on or before May 1 of each year in which a rate is determined. The rate determined by the Administrator shall be in effect for four calendar quarters beginning July 1 following determination by the Administrator;

6. a. No mutual or interinsurance association, stock company, ~~CompSource Oklahoma,~~ or other insurance carrier writing workers' compensation insurance in this state, may be assessed in any year an amount greater than six percent (6%) of the gross direct written premiums of that insurer.

b. No employer carrying its own risk may be assessed in any year an amount greater than six percent (6%) of the total actual paid losses of that individual self-insured.

c. No group self-insurance association may be assessed in any year an amount greater than six percent (6%) of the normal premium of that group self-insurance association.

d. If the maximum assessment does not provide in any one year an amount sufficient to make all necessary payments for obligations of the Multiple Injury Trust Fund and for the allocations provided for in subsection I of this section, the unpaid portion shall be paid as soon thereafter as funds become available.

B. The Multiple Injury Trust Fund is hereby authorized to receive and expend monies appropriated by the Legislature.

C. It shall be the duty of the Tax Commission to collect the payments provided for in this act. The Tax Commission is hereby authorized to bring an action for the recovery of any delinquent or unpaid payments required in this section.

D. Any mutual or interinsurance association, stock company, or other insurance company, which is subject to regulation by the Insurance Commissioner, ~~or CompSource Oklahoma,~~ failing to make payments required in this act promptly and correctly, and failing to report payment of the same to the Insurance Commission within ten (10) days of payment shall be subject to administrative penalties as allowed by law, including but not limited to a fine in the amount of Five Hundred Dollars ($500.00) or an amount equal to one percent (1%) of the unpaid amount, whichever is greater, to be paid to the Insurance Commissioner.

E. Any employer carrying its own risk, or group self-insurance association failing to make payments required in this act promptly

and correctly, and failing to report payment of the same to the Administrator within ten (10) days of payment shall be subject to administrative penalties as allowed by law, including but not limited to a fine in the amount of Five Hundred Dollars ($500.00) or an amount equal to one percent (1%) of the unpaid amount, whichever is greater, to be paid to the Administrator.

F. 1. On or before the first day of April of each year, the State Treasurer shall advise the Administrator, the ~~Board of Managers of CompSource Oklahoma~~ MITF Director and the Tax Commission of the amount of money held as of March 1 of that year by the State Treasurer to the credit of the Multiple Injury Trust Fund. On or before the first day of November of each year, the State Treasurer shall advise the Administrator, the Board of Managers of CompSource Oklahoma and the Tax Commission of the amount of money held as of October 1 of that year by the State Treasurer to the credit of the Multiple Injury Trust Fund.

2. Until such time as the Multiple Injury Trust Fund fully satisfies any loan obligation payable to CompSource Mutual insurance Company or its predecessor CompSource Oklahoma, the State Treasurer shall:

a. advise the Chief Executive Officer of CompSource Mutual Insurance Company on or before the first day of April of the money held as of March 1 of that year by

the State Treasurer to the credit of the Multiple Injury Trust Fund, and

b. advise the Chief Executive Officer of CompSource Mutual Insurance Company on or before the first day of November of the money held as of October 1 of that year by the State Treasurer to the credit of the Multiple Injury Trust fund.

G. Eighty percent (80%) of all sums held by the State Treasurer to the credit of the Multiple Injury Trust Fund may by order of the ~~CompSource Oklahoma President and Chief Executive Officer~~ MITF Director, with the approval of the ~~Board of Managers of CompSource Oklahoma~~ Insurance Commissioner, be invested in or loaned on the pledge of any of the securities in which a state bank may invest the monies deposited therein by the State Treasurer; or may be deposited in state or national banks or trust companies upon insured time deposit bearing interest at a rate no less than currently being paid upon insured savings accounts in the institutions. As used in this section, "insured" means insurance as provided by an agency of the federal government. All such securities or evidence of indebtedness shall be placed in the hands of the State Treasurer, who shall be the custodian thereof, who shall collect the principal and interest when due, and pay the same into the Multiple Injury Trust Fund. The State Treasurer shall pay by vouchers drawn on the Multiple Injury Trust Fund for the making of such investments, when signed by the

~~CompSource Oklahoma President and Chief Executive Officer and approved by the Board of Managers of CompSource Oklahoma~~ MITF Director, upon delivery of such securities or evidence of indebtedness to the State Treasurer. The ~~CompSource Oklahoma President and Chief Executive Officer~~ MITF Director may~~, upon like approval of the Board of Managers of CompSource Oklahoma,~~ sell any of such securities, the proceeds thereof to be paid over to the State Treasurer for the Multiple Injury Trust Fund.

H. The refund provisions of Sections 227 through 229 of Title 68 of the Oklahoma Statutes shall be applicable to any payments made to the Multiple Injury Trust Fund. Refunds shall be paid from and out of the Multiple Injury Trust Fund.

I. The Tax Commission shall pay, monthly, to the State Treasurer to the credit of the Multiple Injury Trust Fund all monies collected pursuant to the provisions of this section, less the annual sum of Two Million Five Hundred Fifty Thousand Dollars ($2,550,000.00), of which One Million Two Hundred Seventy-five Thousand Dollars ($1,275,000.00) shall be payable by the Oklahoma Tax Commission to the State Treasurer in equal monthly installments to the credit of the Department of Labor, Six Hundred Thirty-seven Thousand Five Hundred Dollars ($637,500.00) shall be payable in equal monthly installments to the credit of the Office of the Attorney General, and Six Hundred Thirty-seven Thousand Five Hundred Dollars ($637,500.00) shall be payable in equal monthly installments

to the credit of the Oklahoma Department of Career and Technology Education. Monies received by the Department of Labor under this section shall be used for safety consultation and the regulation of the safety of public employees through the Occupational Safety and Health Act of 1970. Monies received by the Office of the Attorney General shall be deposited to the credit of the Attorney General's Workers' Compensation Fraud Unit Revolving Fund created pursuant to Section 19.2 of Title 74 of the Oklahoma Statutes. Monies received by the Oklahoma Department of Career and Technology Education shall supplement other funding to the Department for purposes of implementing the provisions of subsection B of Section 414 of Title 40 of the Oklahoma Statutes. The State Treasurer shall pay out of the Multiple Injury Trust Fund only upon the order and direction of the Workers' Compensation Court acting under the provisions hereof.

J. The Administrator shall promulgate rules as the Administrator deems necessary to effectuate the provisions of this section.

K. The Insurance Commissioner shall promulgate rules relating to insurers as defined in Title 36 of the Oklahoma Statutes, as the Insurance Commissioner deems necessary to effectuate the provisions of this section.

L. ~~The Multiple Injury Trust Fund may enter into any agreement with CompSource Oklahoma for the purpose of fulfilling all of its payment obligations.~~

~~M.~~ The Multiple Injury Trust Fund may enter into an agreement with any reinsurer licensed to sell reinsurance by the Insurance Commissioner pursuant to a competitive process administered by the Director of Central Purchasing in the Office of Management and Enterprise Services.

~~N.~~ M. Any dividend, rebate, or other distribution, payable by ~~CompSource Oklahoma or~~ any ~~other~~ workers' compensation insurance carrier, to a state agency policyholder shall be paid to the State Treasurer, and shall be credited as follows:

1. In the event of failure of the Multiple Injury Trust Fund to meet all lawful obligations, the monies shall be credited to the Multiple Injury Trust Fund and shall be used by the Multiple Injury Trust Fund to meet all lawful obligations of the Multiple Injury Trust Fund; and

2. Otherwise, all future dividends made by ~~CompSource Oklahoma or~~ any workers' compensation insurance carrier, on behalf of state agencies, shall be deposited to the credit of the General Revenue Fund of the State Treasury.

SECTION 48. AMENDATORY 85 O.S. 2011, Section 406, is amended to read as follows:

Section 406. A. ~~CompSource Oklahoma shall be charged with~~ The chief administrative officer of the Multiple Injury Trust Fund shall be the MITF Director, who shall have supervision over the administration and protection of the Multiple Injury Trust Fund and

shall be notified by the Administrator of the Workers' Compensation Court of all proceedings which may affect such fund.

1. The person serving as the Administrator of the Multiple Injury Trust Fund on the date of passage and approval of this act shall serve as the initial MITF Director, provided such person is serving as the Administrator of the Multiple Injury Trust Fund on the effective date of this act.

2. Except as provided in paragraph 1 of this subsection, the MITF Director shall be appointed by and serve at the pleasure of the Governor.

B. ~~CompSource Oklahoma~~ The MITF Director shall have standing and the authority to appear in any case before the Workers' Compensation Court in which the Court is considering an award from the Multiple Injury Trust Fund.

C. Any party interested shall have a right to bring a proceeding in the Supreme Court to review an award of the Court affecting such Multiple Injury Trust Fund, in the same manner as is now provided by law with reference to other awards by the Court.

D. The State Treasurer shall allocate ~~to CompSource Oklahoma~~ sufficient funds out of the Multiple Injury Trust Fund~~, sufficient funds~~ for administration expenses thereof in amounts to be fixed and approved by the ~~Administrator for the Multiple Injury Trust Fund~~ MITF Director, unless rejected by the Governor and Attorney General.

E. The MITF Director shall make reports regarding financial and claims data to the Governor, Workers' Compensation Court, and the Insurance Commissioner, upon request.

SECTION 49. AMENDATORY 85 O.S. 2011, Section 407, is amended to read as follows:

Section 407. A. There is hereby created in the State Treasury the "Workers' Compensation Administration Fund" to be used for the costs of administering the Workers' Compensation Code and for other purposes pursuant to legislative appropriation.

B. No money on deposit with the State Treasurer to the credit of the Workers' Compensation Administration Fund shall be expended except pursuant to legislative appropriation.

C. For the purpose of providing funds for the Workers' Compensation Administration Fund, each mutual or interinsurance association, stock company, ~~CompSource Oklahoma~~ or other insurance carrier writing workers' compensation insurance in this state shall pay to the Oklahoma Tax Commission a tax at a rate of one percent (1%) of all gross direct premiums written during each quarter of the calendar year for workers' compensation insurance on risks located in this state after deducting from such gross direct premiums, return premiums, unabsorbed portions of any deposit premiums, policy dividends, safety refunds, savings and other similar returns paid or credited to policyholders. Such payments to the Tax Commission shall be made not later than the fifteenth day of the month

following the close of each quarter of the calendar year in which such gross direct premium is collected or collectible. Contributions made by insurance carriers ~~and CompSource Oklahoma,~~ under the provisions of this section~~,~~ shall be considered for the purpose of computing workers' compensation rates.

D. When an employer is authorized to become a self-insurer, the Administrator of the Workers' Compensation Court as directed by the Workers' Compensation Court shall so notify the Tax Commission, giving the effective date of such authorization. The Tax Commission shall then assess and collect from the employers carrying their own risk a tax at the rate of two percent (2%) of the total compensation for permanent total disability awards, permanent partial impairment awards and death benefits paid out during each quarter of the calendar year by the employers. Such tax shall be payable by the employers and collected by the Tax Commission according to the provisions of this section regarding payment and collection of the tax created in subsections C, E, F and G of this section.

E. It shall be the duty of the Tax Commission to collect the payments provided for in this act. The Tax Commission is hereby authorized to bring an action for the recovery of any delinquent or unpaid payments required in this section. The Tax Commission may also enforce payments by proceeding in accordance with the provisions of Section ~~46~~ 346 of this ~~act~~ title.

F. The Tax Commission shall pay monthly to the State Treasurer to the credit of the General Revenue Fund all monies collected under the provisions of this section.

G. The refund provisions of Sections 227 through 229 of Title 68 of the Oklahoma Statutes shall be applicable to any payments made pursuant to this section.

SECTION 50. REPEALER 74 O.S. 2011, Section 840-5.10, is hereby repealed.

SECTION 51. REPEALER 76 O.S. 2011, Section 22, is hereby repealed.

SECTION 52. REPEALER 85 O.S. 2011, Section 378, is hereby repealed.

SECTION 53. REPEALER 85 O.S. 2011, Sections 375, as amended by Section 43 of this act and as recodified by Section 54 of this act, 376, as last amended by Section 44 of this act and as recodified by Section 54 of this act, 377, 379, 381, 382, 384, as amended by Section 1079, Chapter 304, O.S.L. 2012, 385, 386, 387, as amended by Section 1080, Chapter 304, O.S.L. 2012, 388, 389, as amended by Section 1081, Chapter 304, O.S.L. 2012, 390, 391, 392, 393, 394, 395, 397, 400 and 401 (85 O.S. Supp. 2012, Sections 384, 387 and 389), are hereby repealed.

SECTION 54. RECODIFICATION 85 O.S. 2011, Sections 375, as amended by Section 43 of this act, and 376, as last amended by Section 44 of this act, shall be recodified as Sections 376.1 and

376.2, respectively, of Title 85 of the Oklahoma Statutes, unless there is created a duplication in numbering.

SECTION 55. Sections 45 and 53 of this act shall become effective January 1, 2015.

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