

BILL SUMMARY
1st Session of the 54th Legislature

Bill No.:	HB2201
Version:	CS
Request Number:	7468
Author:	Speaker Shannon
Date:	3/05/2013
Impact:	Potential Cost Savings

Research Analysis

The Committee Substitute creates the CompSource Mutual Insurance Company Act for the purpose of converting CompSource Oklahoma into a domestic mutual insurer beginning January 1, 2015. The measure establishes the CompSource Mutual Insurance Company (CompSource Co.), which will be organized under state law, but independent of the State of Oklahoma. The company will be subject to the provisions in Title 36 governing private insurers and will be required to pay premium taxes. The measure requires CompSource Co. to provide worker's compensation insurance to any employer in the state, including volunteer firefighters, and prohibits the dissolution of the company. CompSource Co. will be a member of the Oklahoma Property and Casualty Insurance Guaranty Association and have the protections afforded to the members of the association.

CompSource Co. will be governed by a board of directors composed of 10 members, of which the majority is appointed by state government officials. The measure also authorizes the board to employ a Chief Executive Officer (CEO) to serve as an ex-officio nonvoting member of the board and oversee the privatization of CompSource. The board will have the authority to set insurance rates with the assistance of an independent actuary. CompSource Co is required to establish and maintain adequate reserves as required by the Insurance Commission and may exercise all rights, privileges, powers and authority of a mutual insurance company licensed to transact workers' compensation insurance in Oklahoma. Effective January 1, 2015, CompSource Co will be considered a continuation of CompSource Oklahoma and absorb all remaining properties, debts, claim and other assets or liabilities held by CompSource Oklahoma.

Current employees of CompSource Oklahoma will remain members of the Oklahoma Public Employees Retirement System (OPERS) until termination or retirement and may transfer annual and sick leave accumulated prior to January 1, 2015. CompSource Co. will also be subject penalties for a violation of the Unfair Claims Settlement Practices Acts. Finally, the measure modifies references to incorporate changes proposed by the measure.

Prepared By: Quyen Do

Fiscal Analysis

The committee substitute for HB2201 privatizes CompSource Oklahoma and creates CompSource Mutual Insurance Company. If the new entity is able to offer workers' compensation insurance to state agencies at a lower cost than CompSource Oklahoma, there are potential cost savings for the state.

Prepared By: Marilyn Anderson

Other Considerations

None

© 2013 Oklahoma House of Representatives, see Copyright Notice at www.okhouse.gov