

1 ENGROSSED HOUSE AMENDMENT  
TO  
2 ENGROSSED SENATE BILL NO. 340 By: Stanislawski of the Senate  
3 and  
4 Mulready of the House  
5  
6

7 An Act relating to insurance; amending 36 O.S. 2011,  
8 Section 607.1, as last amended by Section 1, Chapter  
9 39, O.S.L. 2014 (36 O.S. Supp. 2014, Section 607.1),  
10 which relates to Interlocal Entities; modifying  
11 contents of and requirements for annual audited  
12 financial reports; requiring and prescribing  
13 requirements for certain actuarial opinions; defining  
14 term; modifying circumstances under which extension  
15 of filing date may be granted; specifying  
16 requirements for Interlocal Entities insuring  
17 educational institutions; modifying circumstances in  
18 which fine may be assessed; requiring certain  
19 documents be open to public inspection; and providing  
20 an effective date.

21 AMENDMENT NO. 1. Strike the title, enacting clause and entire bill  
22 and insert

23 "An Act relating to insurance; amending 36 O.S. 2011,  
24 Section 607.1, as last amended by Section 1, Chapter  
39, O.S.L. 2014 (36 O.S. Supp. 2014, Section 607.1),  
which relates to Interlocal Entities; requiring  
certain financial reports to include certain  
opinion; requiring certain entities to file an  
actuarial opinion with the Insurance Commissioner;  
providing opinion contents; defining term; modifying  
circumstances in which fine may be assessed;  
requiring certain documents be open to public  
inspection; and providing an effective date.

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

2 SECTION 1. AMENDATORY 36 O.S. 2011, Section 607.1, as  
3 last amended by Section 1, Chapter 39, O.S.L. 2014 (36 O.S. Supp.  
4 2014, Section 607.1), is amended to read as follows:

5 Section 607.1 A. An entity organized pursuant to the  
6 Interlocal Cooperation Act (an "Interlocal Entity") for the purpose  
7 of transacting insurance, except those Interlocal Entities created  
8 pursuant to the terms of The Governmental Tort Claims Act, shall be  
9 considered an insurer at such time that the entity has within a  
10 twelve-month period received aggregate premiums of One Million  
11 Dollars (\$1,000,000.00) for all kinds of insurance that the entity  
12 transacts. Such an entity shall be eligible to qualify for and hold  
13 a certificate of authority to transact insurance in this state.

14 B. Notwithstanding the provisions of subsection A of this  
15 section, any entity organized pursuant to the Interlocal Cooperation  
16 Act that insures an Oklahoma educational institution and has within  
17 a twelve-month period received premiums or contributions of any  
18 amount for any kind of insurance that the Interlocal Entity  
19 transacts shall have an annual audit by an independent certified  
20 public accountant and shall file an audited financial report by an  
21 independent certified public accountant with the Insurance  
22 Commissioner within one hundred eighty (180) days immediately  
23 following the close of the Interlocal Entity's fiscal year. The  
24 annual audited financial report shall be presented in conformity

1 with accounting principles generally accepted in the United States  
2 of America and include:

3 1. The report of an independent certified public accountant in  
4 accordance with accounting principles generally accepted in the  
5 United States of America;

6 2. A balance sheet reporting assets, liabilities and equity;

7 3. A statement of operations;

8 4. A statement of cash flows;

9 5. A statement of changes in assets, liabilities and equity;

10 and

11 6. Footnotes to financial statements; and

12 7. An unqualified opinion from the certified public accountant  
13 that the audited financial report represents a fair presentation of  
14 the Interlocal Entity's financial position in conformity with  
15 accounting principles generally accepted in the United States of  
16 America.

17 C. Any entity subject to the provisions of subsection B of this  
18 section shall file with the Insurance Commissioner an actuarial  
19 opinion prepared by a qualified actuary within one hundred eighty  
20 (180) days immediately following the close of the Interlocal  
21 Entity's fiscal year. The actuarial opinion should certify the  
22 amount and adequacy of the Interlocal Entity's reserves for loss and  
23 loss adjustment expenses, including amounts for Incurred But Not  
24 Reported (IBNR) Claims, and the adequacy of the Interlocal Entity's

1 premiums. The actuarial opinion shall be consistent with the  
2 appropriate Actuarial Standards of Practice (ASOP) as promulgated by  
3 the Actuarial Standards Board.

4 As used in this section, "qualified actuary" means an individual  
5 who is a member of the American Academy of Actuaries and who has met  
6 the Qualification Standards for Actuaries Issuing Statements of  
7 Actuarial Opinions in the United States promulgated by the American  
8 Academy of Actuaries.

9 D. Extensions of the filing date may be granted by the  
10 Commissioner for thirty-day periods upon a showing by the Interlocal  
11 Entity and its independent certified public accountant or qualified  
12 actuary of the reasons for requesting an extension and determination  
13 by the Commissioner of good cause for an extension. The request for  
14 extension must be submitted in writing not less than ten (10) days  
15 prior to the due date in sufficient detail to permit the  
16 Commissioner to make an informed decision with respect to the  
17 requested extension.

18 ~~D.~~ E. The Commissioner may assess a fine for failure to file  
19 the required annual audit or actuarial opinion in an amount of not  
20 more than Five Hundred Dollars (\$500.00) per day.

21 ~~E.~~ F. The audited financial reports and actuarial opinions  
22 required herein are subject to public inspection pursuant to the  
23 Oklahoma Open Records Act.

24 SECTION 2. This act shall become effective November 1, 2015."



1 ENGROSSED SENATE  
2 BILL NO. 340

By: Stanislawski of the Senate

3 and

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7 Section 607.1, as last amended by Section 1, Chapter  
8 39, O.S.L. 2014 (36 O.S. Supp. 2014, Section 607.1),  
9 which relates to Interlocal Entities; modifying  
10 contents of and requirements for annual audited  
11 financial reports; requiring and prescribing  
12 requirements for certain actuarial opinions; defining  
13 term; modifying circumstances under which extension  
14 of filing date may be granted; specifying  
15 requirements for Interlocal Entities insuring  
16 educational institutions; modifying circumstances in  
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Interlocal Cooperation Act (an "Interlocal Entity") for the purpose  
of transacting insurance, except those Interlocal Entities created  
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considered an insurer at such time that the entity has within a  
twelve-month period received aggregate premiums of One Million

1 Dollars (\$1,000,000.00) for all kinds of insurance that the entity  
2 transacts. Such an entity shall be eligible to qualify for and hold  
3 a certificate of authority to transact insurance in this state.

4 B. Notwithstanding the provisions of subsection A of this  
5 section, any entity organized pursuant to the Interlocal Cooperation  
6 Act that insures an Oklahoma educational institution and has within  
7 a twelve-month period received premiums or contributions of any  
8 amount for any kind of insurance that the Interlocal Entity  
9 transacts shall have an annual audit by an independent certified  
10 public accountant and shall file an audited financial report by an  
11 independent certified public accountant with the Insurance  
12 Commissioner within one hundred eighty (180) days immediately  
13 following the close of the Interlocal Entity's fiscal year. The  
14 annual audited financial report shall be presented in conformity  
15 with ~~accounting principles generally accepted in the United States~~  
16 ~~of America~~ Statutory Accounting Principles and include:

17 ~~1. The report of an independent certified public accountant in~~  
18 ~~accordance with accounting principles generally accepted in the~~  
19 ~~United States of America;~~

20 ~~2. A balance sheet reporting assets, liabilities and equity;~~

21 ~~3. A statement of operations;~~

22 ~~4. A statement of cash flows;~~

23 ~~5. A statement of changes in assets, liabilities and equity;~~

24 and

1        ~~6. Footnotes to financial statements~~ an unqualified opinion  
2 from the certified public accountant that the audited financial  
3 report represents a fair presentation of the Interlocal Entity's  
4 financial position.

5        C. Any entity subject to the provisions of subsection B of this  
6 section shall file with the Insurance Commissioner an actuarial  
7 opinion prepared by a qualified actuary within one hundred eighty  
8 (180) days immediately following the close of the Interlocal  
9 Entity's fiscal year. The actuarial opinion should certify the  
10 amount and adequacy of the Interlocal Entity's reserves for loss and  
11 loss adjustment expenses, including amounts for Incurred But Not  
12 Reported (IBNR) Claims, and the adequacy of the Interlocal Entity's  
13 premiums. The actuarial opinion shall be consistent with the  
14 appropriate Actuarial Standards of Practice (ASOP) as promulgated by  
15 the Actuarial Standards Board.

16        As used in this section, "qualified actuary" means an individual  
17 who is a member of the American Academy of Actuaries and who has met  
18 the Qualification Standards for Actuaries Issuing Statements of  
19 Actuarial Opinions in the United States promulgated by the American  
20 Academy of Actuaries.

21        D. Extensions of the filing date may be granted by the  
22 Commissioner for thirty-day periods upon a showing by the Interlocal  
23 Entity and its independent certified public accountant or qualified  
24 actuary of the reasons for requesting an extension and determination

1 by the Commissioner of good cause for an extension. The request for  
2 extension must be submitted in writing not less than ten (10) days  
3 prior to the due date in sufficient detail to permit the  
4 Commissioner to make an informed decision with respect to the  
5 requested extension.

6 ~~D.~~ E. Any Interlocal Entity that insures any Oklahoma  
7 educational institution after January 1, 2016, shall obtain  
8 recognition or accreditation, or some other similar designation,  
9 from a national organization approved by the Insurance Commissioner.

10 F. The Commissioner may assess a fine for failure to file the  
11 required annual audit or actuarial opinion or obtain recognition or  
12 accreditation, or some other similar designation, in an amount of  
13 not more than Five Hundred Dollars (\$500.00) per day.

14 ~~E.~~ G. The audited financial reports and actuarial opinions  
15 required herein are subject to public inspection pursuant to the  
16 Oklahoma Open Records Act.

17 SECTION 2. This act shall become effective November 1, 2015.  
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