

1 ENGROSSED HOUSE AMENDMENT

TO

2 ENGROSSED SENATE BILL NO. 340

By: Stanislawski of the Senate

3 and

4 Mulready of the House

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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.

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23 AMENDMENT NO. 1. Strike the title, enacting clause and entire bill
24 and insert

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26 "An Act relating to insurance; amending 36 O.S. 2011,
27 Section 607.1, as last amended by Section 1, Chapter
28 39, O.S.L. 2014 (36 O.S. Supp. 2014, Section 607.1),
29 which relates to Interlocal Entities; requiring
30 certain financial reports to include certain
31 opinion; requiring certain entities to file an
32 actuarial opinion with the Insurance Commissioner;
33 providing opinion contents; defining term; modifying
34 circumstances in which fine may be assessed;
35 requiring certain documents be open to public
36 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."

