

1 ENGROSSED SENATE AMENDMENT
TO

2 ENGROSSED HOUSE
BILL NO. 1293

By: Kirby of the House

and

Brown of the Senate

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6
7 An Act relating to insurance; amending 36 O.S. 2011,
8 Section 309.4, which relates to examination reports;
9 eliminating requirement that insurance companies
10 deliver certain reports and orders; amending 36 O.S.
11 2011, Section 312A, **** Oklahoma Producer Licensing
12 Act; modifying definition; updating citations;
13 amending 36 O.S. 2011, Section 1441.1, which relates
14 to the Third-Party Administrator Act; updating
15 citations; amending 36 O.S. 2011, Section 1524, as
16 amended by Section 6, Chapter 269, O.S.L. 2013 (36
17 O.S. Supp. 2014, Section 1524), ****Medical
18 Professional Liability Insurance Closed Claim Reports
19 Act; authorizing the Insurance Commissioner to
20 require certain filings; **** and providing an
21 effective date.

22 AUTHOR: Remove Kirby as principal House Author, replace with
23 Mulready as principal House Author

24 AUTHOR: Remove Brown as principal Senate Author, replace with
Jolley as principal Senate Author and retain Brown as
Senate Coauthor and add Senate Coauthor: Sparks

AMENDMENT NO. 1. Page 1, strike the title, enacting clause and
entire bill and insert

"An Act relating to life insurance; amending 36 O.S.
2011, Section 624, which relates to report of

1 premiums; providing certain exceptions; establishing
2 rate of calculation for certain life insurance
3 policies; requiring Commissioner to establish certain
4 rules; providing an effective date; and declaring an
5 emergency.

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

7 SECTION 1. AMENDATORY 36 O.S. 2011, Section 624, is
8 amended to read as follows:

9 Section 624. A. Every insurance company, copartnership,
10 insurance association, interinsurance exchange, person, insurer,
11 nonprofit hospital service and medical indemnity corporation, or
12 health maintenance organization, doing business in this state in the
13 execution or exchange of contracts of insurance, indemnity or health
14 maintenance services, or as an insurance company of any nature or
15 character whatsoever, hereinafter referred to in this article as an
16 insurance company, or company, shall, annually, on or before the
17 first day of March, report under oath of the president or secretary
18 or other chief officer of such company to the Insurance
19 Commissioner, the total amount of direct written premiums,
20 membership, application, policy and/or registration fees charged
21 during the preceding calendar year, or since the last return of such
22 direct written premiums, membership, application, policy and/or
23 registration fees was made by such company, from insurance of every
24 kind upon persons or on the lives of persons resident in this state,

1 or upon real and personal property located within this state, and/or
2 upon any other risks insured within this state, provided, that with
3 respect to the tax payable annually, considerations received for
4 annuity contracts and payments received by a health maintenance
5 organization from the Secretary of Health and Human Services
6 pursuant to a contract issued under the provisions of 42 U.S.C.,
7 Section 1395mm(g) shall no longer be deemed to be premiums for
8 insurance and shall no longer be subject to the tax imposed by this
9 section. Every such company shall, at the same time, pay to the
10 Insurance Commissioner:

11 1. An annual license fee as prescribed by Section 321 of this
12 title; ~~and~~ and.

13 2. An annual tax on all of the direct written premiums after
14 all returned premiums are deducted, and on all membership,
15 application, policy and/or registration fees, installment and/or
16 finance fees or charges collected thereby, for the privileges of
17 having written, continued and/or serviced insurance on lives,
18 property and/or other risks in this state and of having made and
19 serviced investments therein during the then expiring license year
20 except premiums or fees paid by any county, city, town or school
21 district funds or by their duly constituted authorities performing a
22 public service organized pursuant to Sections 1001 through 1008 of
23 Title 74 of the Oklahoma Statutes, or Sections 176 through 180.4 of
24 Title 60 of the Oklahoma Statutes. Provided, no deduction shall be

1 made from premiums for dividends paid to policyholders. ~~The~~ Except
2 as set forth in paragraph 3 of this subsection, the rate of taxation
3 for all entities subject to the tax shall be two and twenty-five
4 one-hundredths percent (2.25%). If any insurance company or other
5 entity liable for the taxes levied pursuant to the provisions of
6 this section fails to remit such taxes in a timely manner, it shall
7 remain liable therefor together with interest thereon at an annual
8 rate equal to the average United States Treasury Bill rate of the
9 preceding calendar year as certified by the State Treasurer on the
10 first regular business day in January of each year, plus four
11 percentage points.

12 3. The rate of taxation for all life insurance policies
13 insuring the life of an employee or director for the benefit of the
14 employer or a trust sponsored by the employer, which is purchased by
15 the employer or trust sponsored by the employer for the benefit of
16 its employees, shall be computed for each policy at the rate of:

- 17 a. two and twenty-five one-hundredths percent (2.25%) of
18 policy year premium up to One Hundred Thousand Dollars
19 (\$100,000.00), and
20 b. one-tenth of one percent (0.10%) of policy year
21 premium exceeding One Hundred Thousand Dollars
22 (\$100,000.00).

23 4. Premiums on which taxes are paid under division b of
24 paragraph 3 of this subsection are not subject to Section 628 of

1 this title. The Commissioner shall promulgate rules regarding the
2 sale of life insurance policies subject to division b of paragraph 3
3 of this subsection.

4 B. For all insurance companies or other entities taxed pursuant
5 to this section, the annual license fee and tax and all required
6 membership, application, policy, registration, and agent appointment
7 fees shall be in lieu of all other state taxes or fees, except those
8 taxes and fees provided for in the Insurance Code, and the taxes and
9 fees of any subdivision or municipality of the state, except ad
10 valorem taxes and the tax required to be paid pursuant to Section
11 50001 of Title 68 of the Oklahoma Statutes. Provided, such license
12 fee, tax and membership, application, policy, registration, and
13 appointment fees shall be in lieu of any and all ad valorem taxes
14 levied on intangible personal property. Any company, except health
15 maintenance organizations, failing to make such returns and payments
16 promptly and correctly shall forfeit and pay to the Insurance
17 Commissioner, in addition to the amount of the taxes and fees and
18 interest, the sum of Five Hundred Dollars (\$500.00) or an amount
19 equal to one percent (1%) of the unpaid amount, whichever is
20 greater; and the company so failing or neglecting for sixty (60)
21 days shall thereafter be debarred from transacting any business of
22 insurance in this state until the taxes, fees and penalties are
23 fully paid, and the Insurance Commissioner shall revoke the license
24 or certificate of authority granted to the agent or agents of that

1 company to transact business in this state. Provided, that when any
2 such insurance company, copartnership, insurance association,
3 interinsurance exchange, person, insurer, or nonprofit hospital
4 service and indemnity corporation, applies for the first time for a
5 license to do business in Oklahoma, it shall, at the time of making
6 such application, pay a license fee as prescribed by Section 1425 of
7 this title, and, on or before the first day of March, following, pay
8 the premium tax, membership, application, policy, registration, and
9 agent appointment fees, as hereinbefore provided. Such license fee,
10 tax and membership, application, policy, registration, and
11 appointment fees shall be in lieu of all other state taxes or fees,
12 except those taxes and fees provided for in the Insurance Code, and
13 the taxes and fees of any subdivision or municipality of the state,
14 except ad valorem taxes and the tax required to be paid pursuant to
15 Section 50001 of Title 68 of the Oklahoma Statutes.

16 C. Any health maintenance organization failing to file premium
17 tax returns and payments promptly and correctly shall forfeit and
18 pay to the Insurance Commissioner, in addition to the amount of the
19 taxes, the sum of Five Hundred Dollars (\$500.00) or an amount equal
20 to one percent (1%) of the unpaid amount, whichever is greater. Any
21 health maintenance organization failing or neglecting to pay the tax
22 and penalty shall be debarred from operating in this state and the
23 Insurance Commissioner shall revoke the license of the health
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1 maintenance organization, until such taxes and penalties are fully
2 paid.

3 SECTION 2. This act shall become effective July 1, 2016.

4 SECTION 3. It being immediately necessary for the preservation
5 of the public peace, health and safety, an emergency is hereby
6 declared to exist, by reason whereof this act shall take effect and
7 be in full force from and after its passage and approval."

8 Passed the Senate the 19th day of April, 2016.

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Presiding Officer of the Senate

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12 Passed the House of Representatives the ____ day of _____,
13 2016.

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Presiding Officer of the House
of Representatives

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