

1 **SENATE FLOOR VERSION**

2 February 12, 2015

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 340

6 By: Stanislawski

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

22 SECTION 1. AMENDATORY 36 O.S. 2011, Section 607.1, as
23 last amended by Section 1, Chapter 39, O.S.L. 2014 (36 O.S. Supp.
24 2014, Section 607.1), is amended to read as follows:

25 Section 607.1. A. An entity organized pursuant to the
26 Interlocal Cooperation Act (an "Interlocal Entity") for the purpose
27 of transacting insurance, except those Interlocal Entities created
28 pursuant to the terms of The Governmental Tort Claims Act, shall be
29 considered an insurer at such time that the entity has within a

1 twelve-month period received aggregate premiums of One Million
2 Dollars (\$1,000,000.00) for all kinds of insurance that the entity
3 transacts. Such an entity shall be eligible to qualify for and hold
4 a certificate of authority to transact insurance in this state.

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

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

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

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

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

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

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

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

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

23 D. Extensions of the filing date may be granted by the
24 Commissioner for thirty-day periods upon a showing by the Interlocal

1 Entity and its independent certified public accountant or qualified
2 actuary of the reasons for requesting an extension and determination
3 by the Commissioner of good cause for an extension. The request for
4 extension must be submitted in writing not less than ten (10) days
5 prior to the due date in sufficient detail to permit the
6 Commissioner to make an informed decision with respect to the
7 requested extension.

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

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

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

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

20 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE
21 February 12, 2015 - DO PASS AS AMENDED
22
23
24