

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 HOUSE BILL 2161

By: McCullough

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6 AS INTRODUCED

7 An Act relating to workers' compensation insurance;
8 amending 36 O.S. 2011, Section 902.3, as amended by
9 Section 15, Chapter 254, O.S.L. 2013 (36 O.S. Supp.
10 2014, Section 902.3), which relates to calculation of
workers' compensation insurance premiums; excluding
per diem expenses from calculation; and providing an
effective date.

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

14 SECTION 1. AMENDATORY 36 O.S. 2011, Section 902.3, as
15 amended by Section 15, Chapter 254, O.S.L. 2013 (36 O.S. Supp. 2014,
16 Section 902.3), is amended to read as follows:

17 Section 902.3 A. Workers' compensation premiums shall be
18 calculated on a basis that, as nearly as is practicable, after the
19 effects of experience rating and other applicable rating plans have
20 been considered, the sum of expected losses and expected expenses as
21 a percentage of premium shall be the same for high- and low-wage-
22 paying employers in the same job classification.

23 B. The Insurance Commissioner and the Board of Directors of
24 CompSource Mutual Insurance Company shall:

1 1. Determine the extent to which high-wage-paying employers are
2 paying premiums higher than those which would produce the same ratio
3 of expected losses and expenses to premiums as for employers paying
4 lower wages;

5 2. Determine whether this effect is primarily seen in certain
6 types of job classifications;

7 3. Investigate alternatives and modifications to the current
8 method of computing workers' compensation premiums, including wage
9 rate recognition plans used in other states, split classifications,
10 wage rate caps, and hours worked;

11 4. Conduct a hearing or hearings on this matter, including
12 consideration of other alternatives; and

13 5. Adopt rules by January 1, 1996, to become effective on July
14 1, 1996, unless disapproved by the Legislature, to equalize, as
15 nearly as is practicable, expected losses and expenses as a
16 percentage of workers' compensation premiums for high- and low-wage-
17 paying employers in the same job classification. If the effect is
18 found to be primarily seen in certain types of job classifications,
19 the rules shall be adopted to apply only to such types of job
20 classifications. The adopted rules shall be subject to legislative
21 review and shall be promulgated as permanent rules pursuant to the
22 Administrative Procedures Act. The agency rule report required by
23 the Administrative Procedures Act shall include a rule impact
24 statement together with an actuarial analysis of the proposed rule

1 describing in detail the classes of persons who most likely will be
2 affected by the proposed rules; the classes of persons who will
3 benefit from the adopted rules; and the probable economic impact of
4 the proposed rules upon the affected classes of persons. The
5 actuarial analysis shall be prepared by an independent actuary who
6 is a member of the Casualty Actuarial Society or the American
7 Academy of Actuaries who is qualified as described in the U.S.
8 Qualifications Standards promulgated by the American Academy of
9 Actuaries pursuant to the Code of Professional Conduct to perform
10 such actuarial analysis selected by the Insurance Commissioner. The
11 rules shall not be invalidated on the ground that the contents of
12 the rule impact statement or the actuarial analysis are insufficient
13 or inaccurate.

14 C. The cost of the premium adjustment plan shall be allocated
15 among all employers purchasing workers' compensation insurance from
16 all carriers.

17 D. Per diem allowable under the Internal Revenue Code and
18 related regulations, guidelines, and publications shall not be
19 included in any calculation of premiums.

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

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