

FLOOR AMENDMENT

HOUSE OF REPRESENTATIVES

State of Oklahoma

SPEAKER:

CHAIR:

I move to amend SB524 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by
inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Chris Sneed

Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 58th Legislature (2022)

3 FLOOR SUBSTITUTE

4 FOR ENGROSSED

SENATE BILL NO. 524

By: Quinn of the Senate

5 and

6 Sneed of the House

7
8 FLOOR SUBSTITUTE

9 An Act relating to workers' compensation insurance;
10 amending 36 O.S. 2021, Section 995, which relates to
joint underwriting and reinsurance; removing
11 exception of application of act to CompSource Mutual
Insurance Company; directing the Insurance
12 Commissioner to develop and administer an assigned
risk plan providing workers' compensation insurance
to certain employers; requiring plan include
13 qualification and termination terms; requiring that
certain employers receive coverage under plan;
14 authorizing Commissioner to designate third party to
develop and administer plan for certain time period;
15 requiring Commissioner to contract with certain
person to continue plan; requiring Commissioner to
16 approve plan before implementation; requiring all
private carriers to participate in plan; authorizing
17 CompSource to provide coverage to certain persons for
certain time period; repealing 85 O.S. 2021, Sections
18 375.1, 375.2, 375.3, 375.4, 375.5, 375.6, 375.7,
375.8, 375.9, 375.10, 375.11, 375.12, 375.13, 380 and
19 396, which relate to the CompSource Mutual Insurance
Company Act, Volunteer Firefighters Group Insurance
20 Pool, and CompSource information not open to public
inspection; providing for codification; and providing
21 an effective date.

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23 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:
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1 SECTION 1. AMENDATORY 36 O.S. 2021, Section 995, is
2 amended to read as follows:

3 Section 995. Joint Underwriting, Joint Reinsurance Pool and
4 Residual Market Activities.

5 A. ~~This section shall not apply to transactions involving~~
6 ~~CompSource Mutual Insurance Company.~~

7 ~~B.~~ Notwithstanding paragraph 3 of subsection A of Section 992
8 of this title, insurers participating in joint underwriting, joint
9 reinsurance pools or residual market mechanisms may in connection
10 with such activity act in cooperation with each other in the making
11 of rates, rating systems, policy forms, underwriting rules, surveys,
12 inspections and investigations, the furnishing of loss and expense
13 statistics or other information, or carrying on research. Joint
14 underwriting, joint reinsurance pools and residual market mechanisms
15 shall not be deemed an advisory organization.

16 ~~C.~~ B. Except to the extent modified by this section, joint
17 underwriting, joint reinsurance pool and residual market mechanism
18 activities are subject to the other provisions of the Property and
19 Casualty Competitive Loss Cost Rating Act.

20 ~~D.~~ C. If, after a hearing, the Commissioner finds that any
21 activity or practice of an insurer participating in joint
22 underwriting or a pool is unfair, is unreasonable, will tend to
23 lessen competition in any market or is otherwise inconsistent with
24 the provisions or purposes of the Property and Casualty Competitive

1 Loss Cost Rating Act, the Commissioner may issue a written order and
2 require the discontinuance of such activity or practice.

3 ~~F.~~ D. Every pool shall file with the Commissioner a copy of its
4 constitution, articles of incorporation, agreement or association,
5 bylaws, rules and regulations governing its activities, list of
6 members, the name and address of a resident of this state upon whom
7 notice, orders of the Commissioner, or process may be served, and
8 any changes in amendments or changes in the foregoing.

9 ~~F.~~ E. Any residual market mechanism, plan or agreement to
10 implement such a mechanism, and any changes or amendments thereto,
11 shall be submitted in writing to the Commissioner for consideration
12 and approval, together with such information as may be reasonably
13 required.

14 SECTION 2. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 608.2 of Title 36, unless there
16 is created a duplication in numbering, reads as follows:

17 A. The Insurance Commissioner shall develop and administer an
18 assigned risk plan to provide workers' compensation insurance
19 coverage to employers who are unable to procure coverage in the
20 voluntary market. In addition to the requirements of subsection B
21 of this section, the plan shall include but not be limited to
22 qualifications for and termination of coverage.

23 B. To qualify for coverage under the plan, an employer shall
24 have been declined coverage by at least two unaffiliated insurers

1 and shall provide documentation to the Commissioner that the
2 unaffiliated insurers are unwilling to provide coverage at any
3 premium level that is reasonably related to the risk presented by
4 the employer.

5 C. Any employer satisfying the requirements of subsection B of
6 this section, and any other qualifications established by the
7 Commissioner, shall be provided coverage at a premium level to be
8 determined or approved by the Insurance Commissioner. Premiums
9 shall be actuarially sound, consistent with industry standards for
10 classification and rate-making methodologies and calculated to
11 enable the plan to be self-sustaining and able to operate without
12 subsidies from employers and insurers in the voluntary market, to
13 the extent possible. Rates shall not be excessive, inadequate or
14 unfairly discriminatory, pursuant to Section 902 of Title 36 of the
15 Oklahoma Statutes.

16 D. The Insurance Commissioner may designate a third party
17 including a private carrier or rating organization with substantial
18 experience in developing and administering similar programs in other
19 states, to develop and administer the assigned risk plan for a
20 three-year period beginning on the effective date of this act.
21 Following this period, the Commissioner shall contract with the same
22 or another qualified third party to continue the administration of
23 the assigned risk plan, provided, however, that the Commissioner
24 shall approve the plan prior to the plan becoming operative. The

1 plan established pursuant to this section shall require that all
2 private carriers participate as a condition of their authority to
3 transact business in this state.

4 E. Prior to the operation of the plan established pursuant to
5 the provisions of this section, but in no event later than June 1,
6 2024, CompSource Mutual Insurance Company, a private, domestic
7 mutual insurance company incorporated in this state and regulated by
8 the Insurance Department, successor-in-interest to CompSource
9 Oklahoma, shall serve as the residual market mechanism for those
10 insureds who would otherwise be in the assigned risk plan.

11 SECTION 3. REPEALER 85 O.S. 2021, Sections 375.1, 375.2,
12 375.3, 375.4, 375.5, 375.6, 375.7, 375.8, 375.9, 375.10, 375.11,
13 375.12, 380 and 396, are hereby repealed.

14 SECTION 4. This act shall become effective November 1, 2022.

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16 58-2-11289 KN 04/07/22

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