

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 COMMITTEE SUBSTITUTE
4 FOR
5 SENATE BILL NO. 1438

By: Kirt

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7 COMMITTEE SUBSTITUTE

8 An Act relating to insurance; defining terms;
9 requiring certain insurers to file certain
10 information annually with the Insurance Commissioner;
11 establishing certain requirements to determine
12 excessive profit; requiring certain insurers to file
13 certain loss and loss adjustment data; establishing
14 certain computation for certain underwriting gain or
15 loss; requiring certain comparison of certain gain or
16 loss with certain profit; requiring certain return of
17 certain excessive amounts; providing certain
18 requirements for certain returns; requiring certain
19 refunds to be treated as certain dividend;
20 authorizing promulgation by Commissioner of certain
21 rules; providing for codification; and providing an
22 effective date.

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

24 SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 1018 of Title 36, unless there
is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Anticipated underwriting profit" means the sum of the
dollar amounts obtained by multiplying, for each rate filing of the

1 insurer in effect in a three-year period, the earned premiums
2 applicable to such rate filings by the percentage factor, determined
3 with due recognition to investment income from funds generated by
4 business in this state, included in such rate filings for profit and
5 contingencies;

6 2. "Final compilation year" means the final year in which data
7 is reported in a three-year reporting period; and

8 3. "Insurer" means any insurer licensed in this state that
9 issues homeowners, commercial property, or automobile insurance
10 policies.

11 B. All insurers in this state shall file annually, prior to
12 July 1, with the Insurance Commissioner, information that shall be a
13 consolidation of the data of the individual insurers of the group.
14 Such information shall include:

15 1. Calendar-year total limits earned premium;

16 2. Accident-year incurred losses and loss adjustment expenses;

17 3. The administrative and selling expenses incurred in this
18 state or allocated to this state for the calendar year; and

19 4. Policyholder dividends incurred during the applicable
20 calendar year.

21 C. An insurer shall be deemed to have excessive profit if there
22 has been an underwriting gain for the three (3) most recent calendar
23 years combined that is greater than the anticipated underwriting

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1 profit plus five percent (5%) of earned premiums for those calendar
2 years.

3 D. Each insurer shall file a schedule of loss and loss
4 adjustment experience for the three (3) previous accident years.
5 Any incurred losses and loss adjustment expenses shall be valued as
6 of March 31 of the year following the close of the accident year,
7 developed to an ultimate basis, and at two-month intervals after
8 such close of an accident year such that three evaluations shall be
9 provided in each accident year.

10 E. Each insurer's underwriting gain or loss for each accident
11 year shall be computed by taking the sum of the accident year
12 incurred losses and loss adjustment expenses as of March 31 of the
13 following year, plus the administrative and selling expenses
14 incurred in the calendar year, plus policyholder dividends
15 applicable to the calendar year, subtracted from the accident year
16 earned premium.

17 F. For the three (3) most recent calendar-accident years, the
18 underwriting gain or loss shall be compared to the anticipated
19 underwriting profit.

20 G. 1. If the insurer is deemed to have excessive profit, the
21 Commissioner shall order a return of the excessive amounts after
22 affording the insurer an opportunity for hearing. Any excessive
23 amounts shall be refunded unless the insurer affirmatively
24 demonstrates to the Commissioner that the refund of such excessive

1 amounts will render a member of the insurer group financially
2 impaired or insolvent.

3 2. Such excessive amounts shall be refunded on a pro rata basis
4 in relation to the final compilation year earned premiums to all
5 policyholders on record of the insurer on December 31 of the final
6 compilation year. Any such refund shall be returned to
7 policyholders in the form of a cash refund or a credit toward the
8 future purchase of insurance.

9 3. A cash refund shall be completed within sixty (60) days of
10 entry of a final order indicating that the insurer has been deemed
11 to have excessive profits. A credit refund shall be applied to
12 policy renewal premium notices that are forwarded to the
13 policyholders more than sixty (60) days after entry of such final
14 order. If an insurer has elected to utilize credit refunds, and a
15 policyholder cancels his or her policy or otherwise allows the
16 policy to terminate, the insurer shall make a cash refund no later
17 than sixty (60) days after termination of such coverage. Upon
18 completion of such refunds, the insurer shall immediately notify the
19 Commissioner.

20 4. Any refund made pursuant to this subsection shall be treated
21 as a policyholder dividend applicable to the year in which it is
22 incurred for the purposes of reporting pursuant to this section.

23 H. The Commissioner shall be authorized to promulgate any rules
24 necessary to implement the provisions of this section.

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SECTION 2. This act shall become effective November 1, 2026.

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