

1 STATE OF OKLAHOMA

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

3 COMMITTEE SUBSTITUTE
4 FOR

5 HOUSE BILL NO. 3048

6 By: Tedford

7 COMMITTEE SUBSTITUTE

8 An Act relating to insurance; amending 36 O.S. 2021,
9 Section 1100.1, which relates to definitions used in
10 the Unauthorized Insurers and Surplus Lines Insurance
11 Act; modifying definitions; defining terms; amending
12 36 O.S. 2021, Section 1101, which relates to
13 representation of unauthorized insurers prohibition;
14 expanding statute to include nonadmitted insurers
15 selling nonadmitted insurance coverage; amending 36
16 O.S. 2021, Section 1101.1, which relates to domestic
17 surplus line insurers; removing licensee; amending 36
18 O.S. 2021, Section 1103, which relates to service of
19 process on a surplus lines insurer; establishing that
20 nonadmitted insurers assuming insurance in this state
21 are subject to this act; permitting suits against
22 nonadmitted insurer; amending 36 O.S. 2021, Section
23 1106, which relates to surplus lines and brokers;
24 permitting purchase of insurance from eligible
surplus lines insurers; directing for surplus lines
insurance to be procured through a licensed surplus
lines broker in insured's home state; amending 36
O.S. 2021, Section 1107, as amended by Section 4,
Chapter 195, O.S.L. 2024 (36 O.S. Supp. 2025, Section
1107), which relates to multistate risk, required
application and informational filings, and fee
payments; modifying statute to apply to only surplus
lines brokers and not licensees; amending 36 O.S.
2021, Section 1108, which relates to recognized
surplus lines; requiring surplus lines broker to
provide insured the policy or other evidence of
insurance within thirty days; providing required
content of certificates and policies; allowing the
Insurance Commissioner rulemaking authority; amending
36 O.S. 2021, Section 1109, which relates to validity

1 of surplus line insurance and notice of limitations
2 of coverage; requiring notice on declaration page of
3 the policy; amending 36 O.S. 2021, Section 1111,
4 which relates to acceptance of surplus line business
5 by brokers; clarifying that only a surplus lines
6 broker and not a licensee may accept and place
7 surplus lines insurance; extending section to include
8 producers and agents; amending 36 O.S. 2021, Section
9 1112, which relates to solvent insurer required,
10 license revocation, and penalties; modifying language
11 for clarity; amending 36 O.S. 2021, Section 1113,
12 which relates to records of surplus lines licensees
13 or brokers; removing applicability to licensees;
14 modifying time frame for record keeping from three to
15 five years after contract effective date; amending 36
16 O.S. 2021, Section 1114, as amended by Section 5,
17 Chapter 195, O.S.L. 2024 (36 O.S. Supp. 2025, Section
18 1114), which relates to broker's annual statement;
19 adding clarifying language; amending 36 O.S. 2021,
20 Section 1115, which relates to tax on surplus lines;
21 removing premium tax for premiums charged for
22 independently procured insurance; amending 36 O.S.
23 2021, Section 1116, which relates to penalty for
24 failure to remit tax; extending applicability of
section to rules; requiring notice and opportunity
for hearing; allowing additional applicable
penalties; amending 36 O.S. 2021, Section 1118, which
relates to legal process against surplus lines
insurer; removing licensees; amending 36 O.S. 2021,
Section 1120, which relates to records of insureds;
clarifying section applies to producer or surplus
line broker; repealing 36 O.S. 2021, Section 1106.2,
which relates to exemption from due diligence search
and flood insurance; and providing an effective date.

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

SECTION 1. AMENDATORY 36 O.S. 2021, Section 1100.1, is
amended to read as follows:

Section 1100.1. As used in the Unauthorized Insurers and
Surplus Lines Insurance Act:

1 1. "Admitted insurer" means, with respect to a state, an
2 insurer that is licensed to transact the business of insurance in
3 such state;

4 2. "Affiliate" means, with respect to an insured, any business
5 entity that controls, is controlled by, or is under common control
6 with the insured;

7 3. "Affiliated group" means any group of entities that are all
8 affiliated;

9 4. "Business entity" means a corporation, association,
10 partnership, limited liability company, limited partnership, or
11 other legal entity;

12 5. "Control" means, with respect to an insured:

13 a. a person who, either directly or indirectly, or acting
14 through one or more other persons, owns, controls, or
15 has the power to vote twenty-five percent (25%) or
16 more of any class of voting securities of the business
17 entity, or

18 b. an entity controls in any manner the election of a
19 majority of the directors or trustees of the business
20 entity;

21 6. "Eligible surplus lines insurer" means a nonadmitted insurer
22 with which a surplus lines broker may place surplus lines insurance
23 pursuant to Section 1106 of this title; "Home state" means

24 7. "Home state" means:

1 a. except as provided in subparagraphs b through e of
2 this paragraph, with respect to an insured:

3 (1) the state in which an insured maintains its
4 principal place of business or, in the case of an
5 individual, the individual's principal residence,
6 or

7 (2) if one hundred percent (100%) of the insured risk
8 is located out of the state referred to in
9 division (1) of this subparagraph, the state to
10 which the greatest percentage of the insured's
11 taxable premium for the insurance contract is
12 allocated,

13 b. with respect to determining the home state of the
14 insured, "principal place of business" means:

15 (1) the state where the insured maintains its
16 headquarters and where the insured's high-level
17 officers direct, control and coordinate the
18 business activities, or

19 (2) if the insured maintains its headquarters or the
20 insured's high-level officers direct, control and
21 coordinate the business activities outside
22 Oklahoma, the state to which the greatest
23 percentage of the insured's taxable premium for
24 that insurance contract is allocated,

1 c. with respect to determining the home state of the
2 insured, "principal residence" means:

3 (1) the state where the insured resides for the
4 greatest number of days during the calendar year,
5 or

6 (2) if the insured's principal residence is located
7 outside any state, the state to which the
8 greatest percentage of the insured's taxable
9 premium for that insurance is allocated,

10 d. if more than one insured from an affiliated group are
11 named insureds on a single nonadmitted insurance
12 contract, the term "home state" means the home state,
13 as determined pursuant to division (1) of subparagraph
14 a of this paragraph, of the member affiliated group
15 that has the largest percentage of premium attributed
16 to it under such insurance contract, or

17 e. when the group policyholder pays one hundred percent
18 (100%) of the premium from its own funds, the term
19 "home state" means the home state, as determined
20 pursuant to division (1) of subparagraph a of this
21 paragraph, of the group policyholder. When the group
22 policyholder does not pay one hundred percent (100%)
23 of the premium from its own funds, the term "home
24 state" means the home state, as determined pursuant to

1 division (1) of subparagraph a of this paragraph, or
2 of the group member;

3 ~~3.~~ 8. "Independently procured insurance" means insurance
4 procured by an insured directly from ~~a nonadmitted insurer~~ an
5 eligible surplus lines insurer;

6 ~~4.~~ 9. "Licensed" means, with respect to an insurer,
7 authorization to transact the business of insurance in a state by a
8 license, certificate of authority, charter or otherwise;

9 ~~5.~~ 10. "Multistate risk" means a risk covered by a nonadmitted
10 insurer with insured exposures in more than one state;

11 ~~6.~~ 11. "Nonadmitted insurance" means any property and casualty
12 insurance permitted in a state to be placed directly through a
13 surplus lines ~~licensee or~~ broker with a nonadmitted insurer eligible
14 to accept such insurance. For purposes of the Unauthorized Insurers
15 and Surplus Lines Insurance Act, nonadmitted insurance includes
16 independently procured insurance and surplus lines insurance;

17 ~~7.~~ 12. "Nonadmitted insurer" means, with respect to a state, an
18 insurer not licensed to engage in the business of insurance in such
19 state, but shall not include a risk retention group as that term is
20 defined under applicable federal law;

21 13. "Person" means an individual or a business entity;

22 ~~8.~~ 14. "Single-state risk" means a risk insured with insured
23 exposures in only one state;

24

1 9. 15. "Surplus lines insurance" means ~~insurance procured by a~~
2 ~~nonadmitted licensee or broker from a surplus lines insurer as~~
3 ~~permitted under the law of the insured's home state~~ any insurance
4 permitted to be placed through a surplus lines broker with an
5 eligible surplus lines insurer, pursuant to Section 1106 of this
6 title; and

7 ~~10. "Surplus lines licensee" or "surplus lines broker"~~

8 16. "Surplus lines broker" means an individual, ~~firm~~ or
9 ~~corporation~~ business entity that is licensed ~~in the insured's home~~
10 under the laws of this state to sell, solicit, ~~or~~ negotiate, or
11 procure surplus lines insurance, including the agent of record on a
12 nonadmitted insurance policy, on properties, risks or exposures
13 located or to be performed in a this state ~~allowing nonadmitted~~
14 ~~insurers to do business.~~

15 SECTION 2. AMENDATORY 36 O.S. 2021, Section 1101, is
16 amended to read as follows:

17 Section 1101. A. No person in Oklahoma shall in any manner:

18 1. Represent or assist any nonadmitted insurer in the selling,
19 soliciting, procuring, placing, or maintenance of any nonadmitted
20 insurance coverage upon or with relation to any subject of insurance
21 resident, located, or to be performed in Oklahoma without being a
22 licensed surplus lines ~~licensee or~~ broker as defined in the
23 Unauthorized Insurers and Surplus Lines Insurance Act; or

1 2. Inspect or examine any risk or collect or receive any
2 premium on behalf of any nonadmitted insurer without being a
3 licensed surplus lines broker ~~or licensee~~ as defined in the
4 Unauthorized Insurers and Surplus Lines Insurance Act.

5 B. Any person transacting insurance or acting as a surplus
6 lines broker ~~or licensee~~ in violation of this section shall be
7 liable to the insured for the performance of any contract between
8 the insured and the insurer resulting from the transaction.

9 C. This section shall not apply ~~as~~ to reinsurance, to surplus
10 ~~line~~ lines insurance lawfully procured pursuant to the Unauthorized
11 Insurers and Surplus Lines Insurance Act, to transactions exempt
12 under Section 606 of this title (Authorization of Insurers and
13 General Qualifications), or to professional services of an adjuster
14 or attorney-at-law from time to time with respect to claims under
15 policies lawfully solicited, issued, and delivered outside of
16 Oklahoma.

17 D. The investigation and adjustment of any claim in this state
18 arising under an insurance contract issued by a nonadmitted insurer
19 shall not be deemed to constitute the transacting of the business of
20 insurance in this state.

21 E. Nonadmitted insurers shall contract with the trustees of any
22 fund which will insure residents in this state in a manner
23 consistent with the requirements, nature and scope of the
24 Unauthorized Insurers and Surplus Lines Insurance Act.

1 SECTION 3. AMENDATORY 36 O.S. 2021, Section 1101.1, is
2 amended to read as follows:

3 Section 1101.1. A. An Oklahoma domestic insurer possessing
4 policyholder surplus of at least Fifteen Million Dollars
5 (\$15,000,000.00) may, pursuant to a resolution by its board of
6 directors, and with the written approval of the Insurance
7 Commissioner, be designated as a domestic surplus ~~line~~ lines
8 insurer. Such insurers may write surplus ~~line~~ lines insurance in
9 this state and in any other jurisdiction allowed under the
10 Nonadmitted and Reinsurance Reform Act of 2010.

11 B. The premiums of a domestic surplus ~~line~~ lines insurer shall
12 be subject to surplus ~~line~~ lines premium tax pursuant to Section
13 1115 of this title. The surplus lines broker ~~or licensee~~ shall pay
14 all premium taxes to the Insurance Commissioner when Oklahoma is the
15 home state of the insured until and unless in the exercise of his or
16 her sole discretion and judgment, the Insurance Commissioner decides
17 to join the Nonadmitted Insurance Multi-State Agreement or any other
18 multistate agreement or compact with the same function and purpose.

19 C. A domestic surplus ~~line~~ lines insurer may not issue a policy
20 designed to satisfy the motor vehicle financial responsibility
21 requirement of this state, the Workers' Compensation Code, or any
22 other law mandating insurance coverage by a licensed insurance
23 company.

24

1 D. A domestic surplus ~~line~~ lines insurer is not subject to the
2 provisions of the Oklahoma Property & and Casualty Insurance
3 Guaranty Association Act nor the Oklahoma Life and Health Insurance
4 Guaranty Association Act.

5 SECTION 4. AMENDATORY 36 O.S. 2021, Section 1103, is
6 amended to read as follows:

7 Section 1103. A. Delivery, effectuation, or solicitation of
8 any insurance contract, by mail or otherwise, within this state by a
9 surplus lines insurer, or the performance within this state of any
10 other service or transaction connected with the insurance by or on
11 behalf of the insurer, shall be deemed to constitute an appointment
12 by the insurer of the Insurance Commissioner as its attorney, upon
13 whom may be served all lawful process issued within this state in
14 any action or proceeding against the insurer arising out of any such
15 contract or transaction.

16 B. Service of process shall be made by delivering to and
17 leaving with the Insurance Commissioner three copies thereof. At
18 time of service the plaintiff shall pay Twenty Dollars (\$20.00) to
19 the Insurance Commissioner, taxable as costs in the action. The
20 Insurance Commissioner shall mail by registered mail one of the
21 copies of the process to the defendant at any home state address as
22 last known to the Insurance Commissioner, and shall keep a record of
23 all process so served.

24

1 C. Service of process in any action or proceeding, in addition
2 to the manner provided herein, shall also be valid if served upon
3 any person within this state who, in this state on behalf of the
4 insurer, is soliciting insurance, or making, issuing, or delivering
5 any insurance policy, or collecting or receiving any premium,
6 membership fee, assessment, or other consideration for insurance.

7 D. Service of process upon an insurer in accordance with this
8 section shall be as valid and effective as if served upon a
9 defendant personally present in this state.

10 E. Means provided in this section for service of process upon
11 the insurer shall not be deemed to prevent service of process upon
12 the insurer by any other lawful means.

13 F. An insurer which has been so served with process shall have
14 the right to appear in and defend the action and employ attorneys
15 and other persons in this state to assist in its defense or
16 settlement.

17 G. Each nonadmitted insurer assuming insurance in this state,
18 or relative to property, risks, or exposures located or to be
19 performed in this state, shall be deemed to have subjected itself to
20 this act.

21 H. Notwithstanding conditions or stipulations in the policy or
22 contract, a nonadmitted insurer may be sued upon any cause of action
23 arising in this state, or relative to property, risks, or exposures
24 located or to be performed in this state, under any insurance

1 contract made by it.

2 SECTION 5. AMENDATORY 36 O.S. 2021, Section 1106, is
3 amended to read as follows:

4 Section 1106. If insurance required to protect the interest of
5 the insured for the amount of insurance, coverage terms and solvency
6 requirements of the insured cannot be procured from admitted
7 insurers ~~after inquiry in the market available to the insurance~~
8 ~~producer~~, then insurance may be procured from eligible surplus lines
9 insurers subject to the following conditions:

10 1. The surplus lines insurer shall meet the requirements of the
11 Unauthorized Insurers and Surplus Lines Insurance Act and the
12 following conditions:

13 a. the insurer has capital and surplus or its equivalent
14 under the laws of its domiciliary jurisdiction which
15 equals the greater of:

16 (1) the minimum capital and surplus requirements
17 under the laws of this state for nonadmitted
18 insurers, or

19 (2) Fifteen Million Dollars (\$15,000,000.00),

20 b. the requirements of subparagraph a of this paragraph
21 may be satisfied by an insurer's possessing less than
22 the minimum capital and surplus upon an affirmative
23 finding of acceptability by the Insurance
24 Commissioner. The finding shall be based upon such

1 factors as quality of management, capital and surplus
2 of any parent company, company underwriting profit and
3 investment income trends, market availability and
4 company record and reputation within the industry. In
5 no event shall the Insurance Commissioner make an
6 affirmative finding of acceptability when the
7 nonadmitted insurer's capital and surplus is less than
8 Four Million Five Hundred Thousand Dollars
9 (\$4,500,000.00), and

10 c. the insurer, if an alien insurer, is listed on the
11 National Association of Insurance Commissioners
12 Nonadmitted Insurers Quarterly Listing; ~~and~~

13 2. ~~The~~ If a broker is involved in the transaction in any way,
14 the surplus lines insurance shall be procured through a licensed
15 surplus lines ~~licensee or~~ broker licensed in the ~~insurer's~~ insured's
16 home state. An Oklahoma surplus lines license is required ~~only~~
17 where Oklahoma is the home state of the insured; and

18 3. For the purposes of carrying out the provisions of the
19 Nonadmitted and Reinsurance Reform Act of 2010, the Insurance
20 Commissioner is authorized to utilize the national insurance
21 producer database of the National Association of Insurance
22 Commissioners, or any other equivalent uniform national database,
23 for the licensure of an individual or entity as a surplus lines
24 ~~licensee or~~ broker and for renewal of such license.

1 SECTION 6. AMENDATORY 36 O.S. 2021, Section 1107, as
2 amended by Section 4, Chapter 195, O.S.L. 2024 (36 O.S. Supp. 2025,
3 Section 1107), is amended to read as follows:

4 Section 1107. A. After procuring any surplus line insurance
5 where Oklahoma is the home state and the insurance involves a
6 multistate risk, the surplus lines ~~licensee~~ and broker shall submit
7 such information relating to the transaction as may be established
8 by the Insurance Commissioner. The data shall be provided to the
9 Insurance Commissioner until and unless in the exercise of his or
10 her sole discretion and judgment, the Insurance Commissioner decides
11 to enter or join the Nonadmitted Insurance Multi-State Agreement or
12 any other multistate agreement or compact with the same function and
13 purpose and other reporting requirements are thereby established.

14 B. When Oklahoma is the home state of the insured, the surplus
15 lines ~~licensee~~ or broker shall make all informational and tax
16 filings and fee and tax payments electronically in the manner and
17 form required or to be established by the Insurance Commissioner,
18 along with any applicable transaction fees. When Oklahoma is the
19 home state of the insured, the premium tax filings and premium tax
20 payments shall be provided entirely to the Insurance Commissioner
21 until and unless, in the exercise of his or her sole discretion and
22 judgment, the Insurance Commissioner decides to enter or join the
23 Nonadmitted Insurance Multi-State Agreement or any other multistate
24 agreement or compact with the same function and purpose.

1 C. Failure to file the required information, any required fee
2 payments and make the required premium tax payments in the manner
3 established by the Insurance Commissioner pursuant to this section
4 and Section 1115 of this title where Oklahoma is the home state of
5 the insured shall result, after notice and opportunity for a
6 hearing, in censure, suspension, or revocation of license or a fine
7 of up to Five Hundred Dollars (\$500.00) for each occurrence or by
8 both such fine and licensure penalty.

9 SECTION 7. AMENDATORY 36 O.S. 2021, Section 1108, is
10 amended to read as follows:

11 Section 1108. A. If a particular insurance coverage or type,
12 class, or kind of coverage is not readily procurable from authorized
13 insurers in Oklahoma, a surplus lines ~~licensee~~ or broker may place
14 the coverage with a nonadmitted insurer or surplus lines insurer as
15 defined in the Unauthorized Insurers and Surplus Lines Insurance
16 Act.

17 B. Upon placing surplus lines insurance, the surplus lines
18 broker shall, within thirty (30) days, deliver to the insured the
19 policy or, if the policy is not then available, a certificate, cover
20 note, binder, or other evidence of insurance. Each certificate or
21 policy of insurance shall contain or have attached a complete record
22 of all policy insuring agreements, conditions, exclusions, clauses,
23 endorsements, or other material facts that would regularly be
24 included in the policy.

1 C. The Insurance Commissioner may, in accordance with Section
2 307.1 of this title, promulgate reasonable rules as are necessary or
3 proper to carry out the purposes of this act.

4 SECTION 8. AMENDATORY 36 O.S. 2021, Section 1109, is
5 amended to read as follows:

6 Section 1109. A. Insurance contracts procured as surplus line
7 coverage from surplus lines insurers in accordance with this article
8 shall be fully valid and enforceable as to all parties, and shall be
9 given recognition in all matters and respects to the same effect as
10 like contracts issued by admitted insurers.

11 B. Insurance contracts procured as surplus line coverage shall
12 contain in fourteen-point, all capital letter, bold-face type
13 notification stamped by the surplus lines ~~licensee or broker or~~
14 surplus lines insurer on the declaration page of the policy ~~that the~~
15 ~~contracts are not subject to the protection of any guaranty~~
16 ~~association in the event of liquidation or receivership of the~~
17 ~~surplus lines insurer.~~ the following: "NOTICE: A NONADMITTED OR
18 SURPLUS LINES INSURER IS ISSUING THE INSURANCE POLICY THAT YOU HAVE
19 APPLIED TO PURCHASE. THESE INSURERS DO NOT PARTICIPATE IN THE INSURANCE
20 GUARANTY FUNDS CREATED BY STATE LAW. THE GUARANTY FUNDS WILL NOT PAY YOUR
21 CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS
22 UNABLE TO MAKE PAYMENTS AS PROMISED." The Commissioner is hereby
23 authorized to promulgate rules to establish further disclosure
24

1 requirements for the purpose of protecting consumers of surplus line
2 coverage.

3 SECTION 9. AMENDATORY 36 O.S. 2021, Section 1111, is
4 amended to read as follows:

5 Section 1111. A surplus lines ~~licensee or~~ broker may accept and
6 place surplus lines insurance from any insurance producer or agent
7 ~~or broker~~ licensed in this state for the kind of insurance involved,
8 and may compensate such insurance producer or agent ~~or broker~~
9 therefor. The insurance producer or agent ~~or broker~~ shall have the
10 right to receive from the surplus lines insurer the customary
11 commission.

12 SECTION 10. AMENDATORY 36 O.S. 2021, Section 1112, is
13 amended to read as follows:

14 Section 1112. A. A surplus lines ~~licensee or~~ broker shall not
15 knowingly place any such coverage with a nonadmitted insurer which
16 is in an unsound financial condition. To be considered financially
17 sound, a surplus lines insurer shall meet the requirements of
18 Section 1106 of this title.

19 B. For violation of this section, in addition to any other
20 penalty provided by law, the surplus lines broker's license shall be
21 revoked, and the broker shall not again be so licensed within a
22 period of two (2) years thereafter. In addition, any surplus lines
23 ~~licensee and~~ broker who violates this section shall be guilty of a
24 misdemeanor and upon conviction thereof shall be punished for each

1 offense, by a fine of not more than One Thousand Dollars (\$1,000.00)
2 or by confinement in jail for not more than ninety (90) days, or by
3 both such fine and imprisonment.

4 SECTION 11. AMENDATORY 36 O.S. 2021, Section 1113, is
5 amended to read as follows:

6 Section 1113. Each surplus lines ~~licensee or~~ broker licensed in
7 Oklahoma shall keep a full and true record of each surplus lines
8 contract procured by the surplus lines broker, and such record may
9 be examined at any time within ~~three (3)~~ five (5) years ~~thereafter~~
10 after termination of the contract by the Insurance Commissioner.

11 The record shall include such information required to be submitted
12 as established by the Insurance Commissioner in this article.

13 SECTION 12. AMENDATORY 36 O.S. 2021, Section 1114, as
14 amended by Section 5, Chapter 195, O.S.L. 2024 (36 O.S. Supp. 2025,
15 Section 1114), is amended to read as follows:

16 Section 1114. Each surplus lines ~~licensee or~~ broker licensed or
17 transacting business in Oklahoma shall on or before April 1 of each
18 year file electronically, along with any applicable transaction
19 fees, with the Insurance Commissioner a verified statement of all
20 surplus lines insurance transacted by the surplus lines broker
21 during the preceding calendar year where Oklahoma is the home state
22 of the insured. The statement shall be on a form prescribed and
23 furnished by the Insurance Commissioner and shall show such
24 information required to be submitted as established by the Insurance

1 Commissioner. The information shall be provided to the Insurance
2 Commissioner until and unless, in the exercise of his or her sole
3 discretion and judgment, the Insurance Commissioner decides to enter
4 or join the Nonadmitted Insurance Multi-State Agreement or any other
5 multistate agreement or compact with the same function and purpose
6 and other transaction reporting requirements are thereby
7 established.

8 SECTION 13. AMENDATORY 36 O.S. 2021, Section 1115, is
9 amended to read as follows:

10 Section 1115. A. Where Oklahoma is the home state of the
11 insured, every person licensed pursuant to Section 1106 of this
12 title shall collect and pay as provided in this section a sum for
13 premium tax based on the total gross premiums charged in connection
14 with any broker-procured surplus lines insurance, less any return
15 premiums, for surplus lines insurance sold to the Oklahoma home-
16 state insureds by the surplus lines broker ~~or licensee~~.

17 B. Where Oklahoma is the home state of the insured and the
18 insurance covers properties, risks or exposures located or to be
19 performed both in and out of Oklahoma, the sum payable to the
20 Oklahoma Insurance Commissioner shall be computed based on an amount
21 equal to six percent (6%) of the total gross premiums whether the
22 properties, risks or exposures are located or to be performed inside
23 or outside Oklahoma. Any such unearned gross premium credited by
24 the state to the surplus lines broker ~~or licensee~~ shall be returned

1 to the policyholder by the broker ~~or licensee~~. The surplus lines
2 ~~licensee or~~ broker is prohibited from rebating, for any reason, any
3 part of the tax.

4 C. Where Oklahoma is the home state of the insured, gross
5 premiums charged for independently procured insurance, less any
6 return premiums, are subject to a premium tax at the rate of six
7 percent (6%) payable to the Oklahoma Insurance Commissioner, whether
8 the properties, risks or exposures are located or to be performed
9 inside or outside Oklahoma.

10 ~~D.~~ The Insurance Commissioner is authorized, in the exercise of
11 his or her sole discretion and judgment, to participate in the
12 Nonadmitted Insurance Multi-State Agreement or any other multistate
13 agreement or compact with the same function and purpose for the
14 function of collecting and disbursing to reciprocal states any funds
15 collected pursuant to the Unauthorized Insurers and Surplus Lines
16 Insurance Act applicable to other properties, risks or exposures
17 located or to be performed outside of Oklahoma. Until such time as
18 the Insurance Commissioner may, while not being required to, join
19 such multistate agreement or compact, premium taxes relating to
20 Oklahoma home-state insureds shall continue to be paid and accounted
21 for by nonadmitted insurers through their surplus lines ~~licensees~~
22 ~~and~~ brokers as provided in subsections A through ~~E~~ B of this
23 section.

24

1 ~~E.~~ D. When the surplus lines coverage of an Oklahoma home-state
2 insured covers properties, risks or exposures located only in
3 Oklahoma, the surplus lines ~~licensee or~~ broker or self-procuring
4 insured shall pay the surplus lines premium tax payable on such
5 Oklahoma-only risks solely to the Oklahoma Insurance Commissioner.

6 ~~F.~~ E. Should the Insurance Commissioner exercise his or her
7 sole discretion and judgment and decide to join the Nonadmitted
8 Insurance Multi-State Agreement or any other multistate agreement or
9 compact with the same function and purpose, the Insurance
10 Commissioner is authorized in such event to establish a uniform,
11 statewide rate of taxation applicable to lines of nonadmitted
12 insurance. This rate shall encompass all existing rates of
13 taxation, fees and assessments imposed by this state, pursuant to
14 subsections A through ~~C~~ B of this section, and the Insurance
15 Commissioner shall document the method by which the statewide rate
16 is calculated. The Insurance Commissioner is authorized to receive
17 any monies obtained as premium tax received through any multistate
18 agreement he or she may in the future, in his or her discretion,
19 choose to join and then disburse such funds as provided by the
20 Insurance Code and other applicable Oklahoma law.

21 ~~G.~~ F. Should the Insurance Commissioner exercise his or her
22 sole discretion and decide to join the Nonadmitted Insurance Multi-
23 State Agreement or any other multistate agreement or compact with
24 the same function and purpose, the Insurance Commissioner is

1 authorized in such circumstances to utilize or adopt any allocation
2 schedule included in the Nonadmitted Insurance Multi-State Agreement
3 or any other multistate agreement or compact the Insurance
4 Commissioner may enter in the exercise of his or her sole discretion
5 and judgment, which schedule has the function and purpose of
6 allocating risk and computing the tax due on the portion of premium
7 attributable to each risk classification and to each state where
8 properties, risks or exposures are located.

9 ~~H.~~ G. Policies sold to federally recognized Indian tribes shall
10 be reported as provided in Section 1107 of this title; however,
11 these policies shall be exempt from the surplus line premium tax to
12 the extent that the Insurance Commissioner can identify that
13 coverage is for risks which are wholly owned by a tribe and located
14 within Indian Country, as defined in Section 1151 of Title 18 of the
15 United States Code.

16 ~~H.~~ H. The surplus line premium tax on insurance on motor
17 transit operations conducted between this and other states shall be
18 paid on the total premium charged on all surplus line insurance
19 less:

20 1. The portion of the premium charged for operations in other
21 states taxing the premium of an insured where Oklahoma is the home
22 state; or
23
24

1 2. The premium for operations outside of this state of an
2 insured maintaining its headquarters office outside of this state
3 and branch office in this state.

4 ~~F.~~ I. Flood insurance policies where Oklahoma is the home state
5 of the insured and the insurance covers properties, risks or
6 exposures located in Oklahoma shall be exempt from the surplus line
7 premium tax.

8 ~~K.~~ J. Policies sold to any city or town in this state,
9 incorporated pursuant to law, or to any school district, as defined
10 in Section 1-108 of Title 70 of the Oklahoma Statutes, shall be
11 exempt from the surplus lines premium tax.

12 SECTION 14. AMENDATORY 36 O.S. 2021, Section 1116, is
13 amended to read as follows:

14 Section 1116. A. Any surplus lines ~~licensee or~~ broker who
15 fails to remit the surplus line tax provided for by Section 1115 of
16 this title, and any rules promulgated thereto, shall, after notice
17 and opportunity for a hearing, be liable for a civil penalty not to
18 exceed Twenty-five Dollars (\$25.00) for each day of delinquency, per
19 policy, and may be subject to any additional applicable penalties
20 set forth in this act and the Oklahoma Producer Licensing Act,
21 Section 1435.1 et seq. of this title. The Insurance Commissioner
22 ~~shall~~ may use any lawful means available to collect the tax ~~by~~
23 ~~distrain~~ and ~~shall~~ recover the penalty, including, but not limited
24 to, by distraint or by filing an action in the name of the State of

1 Oklahoma. The Commissioner may request the Attorney General to
2 appear in the name of the state by relation of the Commissioner.

3 B. If any person, association or legal entity procuring or
4 accepting any insurance coverage from a surplus lines insurer where
5 Oklahoma is the home state of the insured, otherwise than through a
6 surplus lines licensee or broker, fails to remit the surplus line
7 tax provided for by Section 1115 of this title, the person,
8 association or legal entity shall, in addition to the tax, be liable
9 to a civil penalty in an amount equal to one percent (1%) of the
10 premiums paid or agreed to be paid for the policy or policies of
11 insurance for each calendar month of delinquency or a civil penalty
12 in the amount of Twenty-five Dollars (\$25.00) whichever shall be the
13 greater. The Insurance Commissioner ~~shall~~ may use any lawful means
14 available to collect the tax by distraint and shall recover the
15 civil penalty in, including, but not limited to, by distraint or by
16 filing an action in the name of the State of Oklahoma in a court of
17 competent jurisdiction. The Commissioner may request the Attorney
18 General to appear in the name of the state by relation of the
19 Commissioner.

20 C. In addition to the penalties set forth in subsection A of
21 this section, the Insurance Commissioner may, after notice and
22 opportunity for a hearing, place on probation, censure, suspend,
23 revoke, or refuse to issue or renew the license of any producer and
24 surplus lines broker, and may issue a civil penalty of not more than

1 One Thousand Dollars (\$1,000.00) per occurrence, for any one or more
2 violations of this act or any insurance law, regulation, subpoena,
3 or order of the Insurance Commissioner.

4 SECTION 15. AMENDATORY 36 O.S. 2021, Section 1118, is
5 amended to read as follows:

6 Section 1118. A. Every surplus lines insurer issuing or
7 delivering a surplus line policy through a surplus lines ~~licensee or~~
8 broker in this state shall conclusively be deemed thereby to have
9 irrevocably appointed the Insurance Commissioner as its attorney for
10 acceptance of service of all legal process, other than a subpoena,
11 issued in this state in any action or proceeding under or arising
12 out of the policy, and service of process upon the Insurance
13 Commissioner shall be lawful personal service upon the surplus lines
14 or nonadmitted insurer.

15 B. Each surplus line policy shall contain a provision stating
16 the substance of subsection A of this section, and designating the
17 person to whom the Insurance Commissioner shall mail process as
18 provided in subsection C of this section.

19 C. Triplicate copies of legal process against such an insurer
20 shall be served upon the Insurance Commissioner, and at time of
21 service, the plaintiff shall pay to the Insurance Commissioner
22 Twenty Dollars (\$20.00), taxable as costs in the action. The
23 Insurance Commissioner shall immediately mail one copy of the
24 process so served to the person designated by the insurer in the

1 policy for the purpose, by mail with return receipt requested. The
2 surplus lines or nonadmitted insurer shall have forty (40) days
3 after the date of mailing within which to plead, answer, or
4 otherwise defend the action.

5 SECTION 16. AMENDATORY 36 O.S. 2021, Section 1120, is
6 amended to read as follows:

7 Section 1120. Upon request of the Insurance Commissioner any
8 producer, surplus line broker, or person in Oklahoma who is the
9 insured under any policy issued by a surplus lines insurer upon a
10 subject of insurance resident, located, or to be performed in
11 Oklahoma at the time the policy was issued, or where the insured's
12 home state is Oklahoma, shall produce for examination all policies
13 and other documents evidencing and relating to the insurance, and
14 shall disclose the amount of the gross premiums paid or agreed to be
15 paid for the insurance, through whom the insurance was procured, and
16 such other information relative to the placing of the insurance as
17 may reasonably be required by the Insurance Commissioner.

18 SECTION 17. REPEALER 36 O.S. 2021, Section 1106.2, is
19 hereby repealed.

20 SECTION 18. This act shall become effective November 1, 2026.

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