

1 STATE OF OKLAHOMA

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

3 POLICY COMMITTEE
4 RECOMMENDATION

5 FOR

6 HOUSE BILL NO. 3048

7 By: Tedford

8 POLICY COMMITTEE RECOMMENDATION

9 An Act relating to insurance; amending 36 O.S. 2021,
10 Section 1100.1, which relates to definitions used in
11 the Unauthorized Insurers and Surplus Lines Insurance
12 Act; modifying definitions; defining terms; amending
13 36 O.S. 2021, Section 1101, which relates to
14 representation of unauthorized insurers prohibition;
15 expanding statute to include nonadmitted insurers
16 selling nonadmitted insurance coverage; amending 36
17 O.S. 2021, Section 1101.1, which relates to domestic
18 surplus line insurers; removing licensee; amending 36
19 O.S. 2021, Section 1103, which relates to service of
20 process on a surplus lines insurer; establishing that
21 nonadmitted insurers assuming insurance in this state
22 are subject to this act; permitting suits against
23 nonadmitted insurer; amending 36 O.S. 2021, Section
24 1106, which relates to surplus lines and brokers;
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

1 Insurance Commissioner rulemaking authority; amending
2 36 O.S. 2021, Section 1109, which relates to validity
3 of surplus line insurance and notice of limitations
4 of coverage; requiring notice on declaration page of
5 the policy; amending 36 O.S. 2021, Section 1111,
6 which relates to acceptance of surplus line business
7 by brokers; clarifying that only a surplus lines
8 broker and not a licensee may accept and place
9 surplus lines insurance; extending section to include
10 producers and agents; amending 36 O.S. 2021, Section
11 1112, which relates to solvent insurer required,
12 license revocation, and penalties; modifying language
13 for clarity; amending 36 O.S. 2021, Section 1113,
14 which relates to records of surplus lines licensees
15 or brokers; removing applicability to licensees;
16 modifying time frame for record keeping from three to
17 five years after contract effective date; amending 36
18 O.S. 2021, Section 1114, as amended by Section 5,
19 Chapter 195, O.S.L. 2024 (36 O.S. Supp. 2025, Section
20 1114), which relates to broker's annual statement;
21 adding clarifying language; amending 36 O.S. 2021,
22 Section 1115, which relates to tax on surplus lines;
23 removing premium tax for premiums charged for
24 independently procured insurance; amending 36 O.S.
2021, Section 1116, which relates to penalty for
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:

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

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

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

9 3. "Affiliated group" means any group of entities that are all
10 affiliated;

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

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

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

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

23

24

1 6. "Eligible surplus lines insurer" means a nonadmitted insurer
2 with which a surplus lines broker may place surplus lines insurance
3 pursuant to Section 1106 of this title;

4 7. "Home state" means:

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

7 (1) the state in which an insured maintains its
8 principal place of business or, in the case of an
9 individual, the individual's principal residence,
10 or

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

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

19 (1) the state where the insured maintains its
20 headquarters and where the insured's high-level
21 officers direct, control and coordinate the
22 business activities, or

23 (2) if the insured maintains its headquarters or the
24 insured's high-level officers direct, control and

1 coordinate the business activities outside
2 Oklahoma, the state to which the greatest
3 percentage of the insured's taxable premium for
4 that insurance contract is allocated,

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

7 (1) the state where the insured resides for the
8 greatest number of days during the calendar year,
9 or

10 (2) if the insured's principal residence is located
11 outside any state, the state to which the
12 greatest percentage of the insured's taxable
13 premium for that insurance is allocated,

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

21 e. when the group policyholder pays one hundred percent
22 (100%) of the premium from its own funds, the term
23 "home state" means the home state, as determined
24 pursuant to division (1) of subparagraph a of this

1 paragraph, of the group policyholder. When the group
2 policyholder does not pay one hundred percent (100%)
3 of the premium from its own funds, the term "home
4 state" means the home state, as determined pursuant to
5 division (1) of subparagraph a of this paragraph, or
6 of the group member;

7 ~~3.~~ 8. "Independently procured insurance" means insurance
8 procured by an insured directly from ~~a nonadmitted insurer~~ an
9 eligible surplus lines insurer;

10 ~~4.~~ 9. "Licensed" means, with respect to an insurer,
11 authorization to transact the business of insurance in a state by a
12 license, certificate of authority, charter or otherwise;

13 ~~5.~~ 10. "Multistate risk" means a risk covered by a nonadmitted
14 insurer with insured exposures in more than one state;

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

21 ~~7.~~ 12. "Nonadmitted insurer" means, with respect to a state, an
22 insurer not licensed to engage in the business of insurance in such
23 state, but shall not include a risk retention group as that term is
24 defined under applicable federal law;

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

2 ~~8.~~ 14. "Single-state risk" means a risk insured with insured
3 exposures in only one state;

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

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

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

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

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

21 1. Represent or assist any nonadmitted insurer in the selling,
22 soliciting, procuring, placing, or maintenance of any nonadmitted
23 insurance coverage upon or with relation to any subject of insurance
24 resident, located, or to be performed in Oklahoma without being a

1 licensed surplus lines licensee or broker as defined in the
2 Unauthorized Insurers and Surplus Lines Insurance Act; or

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

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

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

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

23 E. Nonadmitted insurers shall contract with the trustees of any
24 fund which will insure residents in this state in a manner

1 consistent with the requirements, nature and scope of the
2 Unauthorized Insurers and Surplus Lines Insurance Act.

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

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

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

21 C. A domestic surplus ~~line~~ lines insurer may not issue a policy
22 designed to satisfy the motor vehicle financial responsibility
23 requirement of this state, the Workers' Compensation Code, or any
24

1 other law mandating insurance coverage by a licensed insurance
2 company.

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

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

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

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

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

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

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

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

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

23 H. Notwithstanding conditions or stipulations in the policy or
24 contract, a nonadmitted insurer may be sued upon any cause of action

1 arising in this state, or relative to property, risks, or exposures
2 located or to be performed in this state, under any insurance
3 contract made by it.

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

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

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

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

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

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

22 b. the requirements of subparagraph a of this paragraph
23 may be satisfied by an insurer's possessing less than
24 the minimum capital and surplus upon an affirmative

1 finding of acceptability by the Insurance
2 Commissioner. The finding shall be based upon such
3 factors as quality of management, capital and surplus
4 of any parent company, company underwriting profit and
5 investment income trends, market availability and
6 company record and reputation within the industry. In
7 no event shall the Insurance Commissioner make an
8 affirmative finding of acceptability when the
9 nonadmitted insurer's capital and surplus is less than
10 Four Million Five Hundred Thousand Dollars
11 (\$4,500,000.00), and

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

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

20 3. For the purposes of carrying out the provisions of the
21 Nonadmitted and Reinsurance Reform Act of 2010, the Insurance
22 Commissioner is authorized to utilize the national insurance
23 producer database of the National Association of Insurance
24 Commissioners, or any other equivalent uniform national database,

1 for the licensure of an individual or entity as a surplus lines
2 ~~licensee or~~ broker and for renewal of such license.

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

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

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

1 Nonadmitted Insurance Multi-State Agreement or any other multistate
2 agreement or compact with the same function and purpose.

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

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

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

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

1 endorsements, or other material facts that would regularly be
2 included in the policy.

3 C. The Insurance Commissioner may, in accordance with Section
4 307.1 of this title, promulgate reasonable rules as are necessary or
5 proper to carry out the purposes of this act.

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

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

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

1 authorized to promulgate rules to establish further disclosure
2 requirements for the purpose of protecting consumers of surplus line
3 coverage.

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

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

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

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

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

1 misdemeanor and upon conviction thereof shall be punished for each
2 offense, by a fine of not more than One Thousand Dollars (\$1,000.00)
3 or by confinement in jail for not more than ninety (90) days, or by
4 both such fine and imprisonment.

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

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

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

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

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

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

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

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

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

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

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

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

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 ~~F.~~ 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, including, but not limited to, by distraint or by
16 filing ~~in~~ an action in the name of the State of Oklahoma in a court
17 of competent jurisdiction. The Commissioner may request the
18 Attorney General to appear in the name of the state by relation of
19 the 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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