

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 3048

By: Tedford

AS INTRODUCED

An Act relating to insurance; amending 36 O.S. 2021, Section 1100.1, which relates to definitions used in the Unauthorized Insurers and Surplus Lines Insurance Act; modifying definitions; defining terms; amending 36 O.S. 2021, Section 1101, which relates to representation of unauthorized insurers prohibition; expanding statute to include nonadmitted insurers selling nonadmitted insurance coverage; amending 36 O.S. 2021, Section 1101.1, which relates to domestic surplus line insurers; removing licensee; amending 36 O.S. 2021, Section 1103, which relates to service of process on a surplus lines insurer; establishing that nonadmitted insurers assuming insurance in this state are subject to this act; permitting suits against nonadmitted insurer; amending 36 O.S. 2021, Section 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 Insurance Commissioner rulemaking authority; amending 36 O.S. 2021, Section 1109, which relates to validity of surplus line insurance and notice of limitations of coverage; requiring notice on declaration page of

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

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. "Independently procured insurance" means insurance procured~~
4 ~~by an insured directly from a nonadmitted insurer;~~

5 ~~4.~~ 8. "Licensed" means, with respect to an insurer,
6 authorization to transact the business of insurance in a state by a
7 license, certificate of authority, charter or otherwise;

8 ~~5.~~ 9. "Multistate risk" means a risk covered by a nonadmitted
9 insurer with insured exposures in more than one state;

10 ~~6.~~ 10. "Nonadmitted insurance" means any property and casualty
11 insurance permitted in a state to be placed directly through a
12 surplus lines ~~licensee or~~ broker with a nonadmitted insurer eligible
13 to accept such insurance. For purposes of the Unauthorized Insurers
14 and Surplus Lines Insurance Act, nonadmitted insurance includes
15 independently procured insurance and surplus lines insurance;

16 ~~7.~~ 11. "Nonadmitted insurer" means, with respect to a state, an
17 insurer not licensed to engage in the business of insurance in such
18 state, but shall not include a risk retention group as that term is
19 defined under applicable federal law;

20 12. "Person" means an individual or a business entity;

21 ~~8.~~ 13. "Single-state risk" means a risk insured with insured
22 exposures in only one state;

23 ~~9.~~ 14. "Surplus lines insurance" means ~~insurance procured by a~~
24 ~~nonadmitted licensee or broker from a surplus lines insurer as~~

1 ~~permitted under the law of the insured's home state~~ any insurance
2 permitted to be placed through a surplus lines broker with an
3 eligible surplus lines insurer, pursuant to Section 1106 of this
4 title; and

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

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

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

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

22 2. Inspect or examine any risk or collect or receive any
23 premium on behalf of any nonadmitted insurer without being a
24

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

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

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

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

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

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

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

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

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

22 D. A domestic surplus ~~line~~ lines insurer is not subject to the
23 provisions of the Oklahoma Property & and Casualty Insurance
24

1 Guaranty Association Act nor the Oklahoma Life and Health Insurance
2 Guaranty Association Act.

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

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

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

22 C. Service of process in any action or proceeding, in addition
23 to the manner provided herein, shall also be valid if served upon
24 any person within this state who, in this state on behalf of the

1 insurer, is soliciting insurance, or making, issuing, or delivering
2 any insurance policy, or collecting or receiving any premium,
3 membership fee, assessment, or other consideration for insurance.

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

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

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

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

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

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

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

7 1. The surplus lines insurer shall meet the requirements of the
8 Unauthorized Insurers and Surplus Lines Insurance Act and the
9 following conditions:

10 a. the insurer has capital and surplus or its equivalent
11 under the laws of its domiciliary jurisdiction which
12 equals the greater of:

13 (1) the minimum capital and surplus requirements
14 under the laws of this state for nonadmitted
15 insurers, or

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

17 b. the requirements of subparagraph a of this paragraph
18 may be satisfied by an insurer's possessing less than
19 the minimum capital and surplus upon an affirmative
20 finding of acceptability by the Insurance
21 Commissioner. The finding shall be based upon such
22 factors as quality of management, capital and surplus
23 of any parent company, company underwriting profit and
24 investment income trends, market availability and

1 company record and reputation within the industry. In
2 no event shall the Insurance Commissioner make an
3 affirmative finding of acceptability when the
4 nonadmitted insurer's capital and surplus is less than
5 Four Million Five Hundred Thousand Dollars
6 (\$4,500,000.00), and

7 c. the insurer, if an alien insurer, is listed on the
8 National Association of Insurance Commissioners
9 Nonadmitted Insurers Quarterly Listing; ~~and~~

10 2. The surplus lines insurance shall be procured through a
11 licensed surplus lines ~~licensee or~~ broker licensed in the ~~insurer's~~
12 insured's home state. An Oklahoma surplus lines license is required
13 ~~only~~ where Oklahoma is the home state of the insured; and

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

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

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

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

22 C. Failure to file the required information, any required fee
23 payments and make the required premium tax payments in the manner
24 established by the Insurance Commissioner pursuant to this section

1 and Section 1115 of this title where Oklahoma is the home state of
2 the insured shall result, after notice and hearing, in censure,
3 suspension, or revocation of license or a fine of up to Five Hundred
4 Dollars (\$500.00) for each occurrence or by both such fine and
5 licensure penalty.

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

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

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

22 C. The Insurance Commissioner may, in accordance with Section
23 307.1 of this title, promulgate reasonable rules as are necessary or
24 proper to carry out the purposes of this act.

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

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

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

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

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

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

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

15 B. For violation of this section, in addition to any other
16 penalty provided by law, the surplus lines broker's license shall be
17 revoked, and the broker shall not again be so licensed within a
18 period of two (2) years thereafter. In addition, any surplus lines
19 ~~licensee and~~ broker who violates this section shall be guilty of a
20 misdemeanor and upon conviction thereof shall be punished for each
21 offense, by a fine of not more than One Thousand Dollars (\$1,000.00)
22 or by confinement in jail for not more than ninety (90) days, or by
23 both such fine and imprisonment.

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

3 Section 1113. Each surplus lines ~~licensee or~~ broker licensed in
4 Oklahoma shall keep a full and true record of each surplus lines
5 contract procured by the surplus lines broker, and such record may
6 be examined at any time within ~~three (3)~~ five (5) years ~~thereafter~~
7 after the contract's effective date by the Insurance Commissioner.
8 The record shall include such information required to be submitted
9 as established by the Insurance Commissioner in this article.

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

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

1 or join the Nonadmitted Insurance Multi-State Agreement or any other
2 multistate agreement or compact with the same function and purpose
3 and other transaction reporting requirements are thereby
4 established.

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

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

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

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

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

21 ~~E.~~ D. When the surplus lines coverage of an Oklahoma home-state
22 insured covers properties, risks or exposures located only in
23 Oklahoma, the surplus lines ~~licensee or broker or self-procuring~~
24

1 ~~insured~~ shall pay the surplus lines premium tax payable on such
2 Oklahoma-only risks solely to the Oklahoma Insurance Commissioner.

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

18 ~~G.~~ F. Should the Insurance Commissioner exercise his or her
19 sole discretion and decide to join the Nonadmitted Insurance Multi-
20 State Agreement or any other multistate agreement or compact with
21 the same function and purpose, the Insurance Commissioner is
22 authorized in such circumstances to utilize or adopt any allocation
23 schedule included in the Nonadmitted Insurance Multi-State Agreement
24 or any other multistate agreement or compact the Insurance

Commissioner may enter in the exercise of his or her sole discretion and judgment, which schedule has the function and purpose of allocating risk and computing the tax due on the portion of premium attributable to each risk classification and to each state where properties, risks or exposures are located.

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

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

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

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

~~J.~~ I. Flood insurance policies where Oklahoma is the home state of the insured and the insurance covers properties, risks or

1 exposures located in Oklahoma shall be exempt from the surplus line
2 premium tax.

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

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

9 Section 1116. A. Any surplus lines ~~licensee or~~ broker who
10 fails to remit the surplus line tax provided for by Section 1115 of
11 this title, and any rules promulgated thereto, shall, after notice
12 and opportunity for a hearing, be liable for a civil penalty not to
13 exceed Twenty-five Dollars (\$25.00) for each day of delinquency, per
14 policy, and may be subject to any additional applicable penalties
15 set forth in this act and the Oklahoma Producer Licensing Act,
16 Section 1435.1 et seq. of this title. ~~The Insurance Commissioner~~
17 ~~shall collect the tax by distraint and shall recover the penalty by~~
18 ~~an action in the name of the State of Oklahoma. The Commissioner~~
19 ~~may request the Attorney General to appear in the name of the state~~
20 ~~by relation of the Commissioner.~~

21 B. ~~If any person, association or legal entity procuring or~~
22 ~~accepting any insurance coverage from a surplus lines insurer where~~
23 ~~Oklahoma is the home state of the insured, otherwise than through a~~
24 ~~surplus lines licensee or broker, fails to remit the surplus line~~

1 ~~tax provided for by Section 1115 of this title, the person,~~
2 ~~association or legal entity shall, in addition to the tax, be liable~~
3 ~~to a civil penalty in an amount equal to one percent (1%) of the~~
4 ~~premiums paid or agreed to be paid for the policy or policies of~~
5 ~~insurance for each calendar month of delinquency or a civil penalty~~
6 ~~in the amount of Twenty-five Dollars (\$25.00) whichever shall be the~~
7 ~~greater. The Insurance Commissioner shall collect the tax by~~
8 ~~distrain and shall recover the civil penalty in an action in the~~
9 ~~name of the State of Oklahoma. The Commissioner may request the~~
10 ~~Attorney General to appear in the name of the state by relation of~~
11 ~~the Commissioner~~ After notice and opportunity for a hearing, the
12 Insurance Commissioner may place on probation, censure, suspend,
13 revoke, or refuse to issue or renew the license of any producer and
14 surplus lines broker, and may issue a civil penalty of not more than
15 One Thousand Dollars (\$1,000.00) per occurrence, for any one or more
16 violations of this act or any insurance law, regulation, subpoena,
17 or order of the Insurance Commissioner.

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

20 Section 1118. A. Every surplus lines insurer issuing or
21 delivering a surplus line policy through a surplus lines licensee or
22 broker in this state shall conclusively be deemed thereby to have
23 irrevocably appointed the Insurance Commissioner as its attorney for
24 acceptance of service of all legal process, other than a subpoena,

1 issued in this state in any action or proceeding under or arising
2 out of the policy, and service of process upon the Insurance
3 Commissioner shall be lawful personal service upon the surplus lines
4 or nonadmitted insurer.

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

9 C. Triplicate copies of legal process against such an insurer
10 shall be served upon the Insurance Commissioner, and at time of
11 service, the plaintiff shall pay to the Insurance Commissioner
12 Twenty Dollars (\$20.00), taxable as costs in the action. The
13 Insurance Commissioner shall immediately mail one copy of the
14 process so served to the person designated by the insurer in the
15 policy for the purpose, by mail with return receipt requested. The
16 surplus lines or nonadmitted insurer shall have forty (40) days
17 after the date of mailing within which to plead, answer, or
18 otherwise defend the action.

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

21 Section 1120. Upon request of the Insurance Commissioner any
22 ~~person in Oklahoma who is the insured under any policy issued by a~~
23 ~~surplus lines insurer upon a subject of insurance resident, located,~~
24 ~~or to be performed in Oklahoma at the time the policy was issued, or~~

1 ~~where the insured's home state is Oklahoma,~~ producer or surplus line
2 broker shall produce for examination all policies and other
3 documents evidencing and relating to the insurance, and shall
4 disclose the amount of the gross premiums paid or agreed to be paid
5 for the insurance, through whom the insurance was procured, and such
6 other information relative to the placing of the insurance as may
7 reasonably be required by the Insurance Commissioner.

8 SECTION 17. REPEALER 36 O.S. 2021, Section 1106.2, is
9 hereby repealed.

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

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