

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 3696

By: Gise

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5

6 AS INTRODUCED

7 An Act relating to insurance; amending 36 O.S. 2021,
8 Section 982, which relates to definitions used in the
9 property and casualty competitive loss cost rating
10 act; providing definitions; amending 36 O.S. 2021,
11 Section 986, which relates to rate administration;
12 changing process for rate making; directing insurers
13 to file rates, applicable rating manuals,
14 supplementary rating information and other required
15 information with the Insurance Commissioner;
16 permitting use of rate on and after date filed;
17 directing the Insurance Commissioner to determine
18 information required for filing; directing the
19 Insurance Commissioner to develop process for
20 requesting supplementary rating information and
21 supporting information; providing exemptions;
22 directing Insurance Commissioner to consider factors;
23 directing the Insurance Commissioner to disapprove
24 rates that do not comply with act; clarifying rates
that have not been disapproved before thirty days are
not disapproved without good cause extension;
directing the Insurance Commissioner to issue an
order when rates are disapproved; permitting hearings
for insurer that files rate that is disapproved;
directing the Oklahoma Insurance Department to track,
compile, and analyze factors that contribute to
disapproval of rates; authorizing the Oklahoma
Insurance Department to request additional
information; clarifying date of request for
additional information; establishing that the
Insurance Commissioner may only disapprove a rate
that is in effect after hearing; permitting insureds
who are aggrieved with respect to any filing in
effect to apply to the Insurance Commissioner for
hearing; directing the Insurance Commissioner to hold
hearing; authorizing the Insurance Commissioner to

1 issue order after hearing; authorizing the Insurance
2 Commissioner to require an insurer to file for
3 approval of all rates, supplementary rating
4 information, and any supporting information if
5 certain determinations are made; prohibiting insurers
6 from using a rate until it has been filed; permitting
7 use of certain rates without prior approval;
8 establishing exceptions to filing requirements;
9 repealing 36 O.S. 2021, Section 984, which relates to
10 presumption of competitive market; repealing 36 O.S.
11 2021, Section 987, which relates to rate filings;
12 providing for codification; and providing an
13 effective date.

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

15 SECTION 1. AMENDATORY 36 O.S. 2021, Section 982, is
16 amended to read as follows:

17 Section 982. As used in the Property and Casualty Competitive
18 Loss Cost Rating Act:

19 1. "Accepted actuarial standards" means the standards adopted
20 by the Casualty Actuarial Society Statement of Principles regarding
21 property and casualty ratemaking or the Standards of Practice
22 adopted by the Actuarial Standards Board;

23 2. "Advisory organization" means any corporation,
24 unincorporated association, partnership or person, whether located
inside or outside this state, that is licensed in accordance with
Section 1140 of this title and which assists insurers in ratemaking-
related activities such as enumerated in Section 1142 of this title;

1 3. "Classification system" or "classification" means the
2 process of grouping risks with similar risk characteristics so that
3 differences in costs may be recognized;

4 4. "Commercial risk" means any kind of risk that is not a
5 personal risk;

6 5. "Commissioner" means the Commissioner of Insurance of this
7 state;

8 6. "Competitive market" means a market which has not been found
9 to be noncompetitive pursuant to Section 984 of this title;

10 7. "Developed losses" means losses, including loss adjustment
11 expenses, adjusted using accepted actuarial standards, to eliminate
12 the effect of differences between current payment or reserve
13 estimates and those which are anticipated to provide actual ultimate
14 loss, including loss adjustment expense payments;

15 8. "Expenses" means that portion of a rate attributable to
16 acquisition, field supervision, collection expenses, general
17 expenses, taxes, licenses and fees;

18 9. "Experience rating" means a rating procedure utilizing past
19 insurance experience of the individual policyholder to forecast
20 future losses by measuring the policyholder's loss experience
21 against the loss experience of policyholders in the same
22 classification to produce a prospective premium credit, debit or
23 unity modification;

1 10. "Filer" means an insurer that files rates, prospective loss
2 costs, or supplementary rating information under this act;

3 11. "Joint underwriting" means a voluntary arrangement
4 established to provide insurance coverage for a risk pursuant to
5 which two or more insurers jointly contract with the insured at a
6 price and under policy terms agreed upon between the insurers;

7 11. 12. "Loss adjustment expense" means the expenses incurred
8 by the insurer in the course of settling claims;

9 12. 13. "Market" means the statewide interaction between buyers
10 and sellers of identical or readily substitutable products that
11 provide insurance protection of identifiable perils to buyers;

12 13. 14. "Mass marketed plan" means a method of selling
13 property-liability insurance wherein the insurance is offered to
14 employees of particular employers or to members of particular
15 associations or organizations or to persons grouped in other ways,
16 and the employer or association or other organization has agreed to,
17 or otherwise affiliated itself with, the sale of such insurance to
18 its employees or members;

19 14. 15. "Noncompetitive market" means a market for which there
20 is a ruling in effect pursuant to Section 984 of this title that a
21 reasonable degree of competition does not exist;

22 15. 16. "Personal risk" means homeowners, tenants, private
23 passenger nonfleet automobiles, manufactured homes and other
24 property and casualty insurance for personal, family or household

1 needs, including any property and casualty insurance that is
2 otherwise intended for noncommercial coverage;

3 ~~16.~~ 17. "Pool" means a voluntary arrangement, established on an
4 ongoing basis, pursuant to which two or more insurers participate in
5 the sharing of risks on a predetermined basis. The pool may operate
6 through an association, syndicate or other pooling agreement;

7 ~~17.~~ 18. "Prospective loss costs" means historical aggregate
8 losses and may include loss adjustment expenses, including all
9 assessments that are loss based, projected through development to
10 their ultimate value and through trending to a future point in time;

11 ~~18.~~ 19. "Pure premium rate" means that portion of the rate
12 which represents the loss costs per unit of exposure including loss
13 adjustment expense;

14 ~~19.~~ 20. "Rate" or "rates" means that cost of insurance per
15 exposure unit whether expressed as a single number or as a
16 prospective loss cost with an adjustment to account for the
17 treatment of expenses, profit, and individual insurer variation in
18 loss experience, prior to any application of individual risk
19 variations based on loss or expense considerations, and does not
20 include minimum premium;

21 21. "Rating manual" means a publication or schedule that lists
22 rules, classifications, territory codes and descriptions, rates,
23 premiums, and other similar information used by an insurer to
24 determine the applicable premium charged to an insured.

1 22. "Residual market mechanism" means an arrangement, either
2 voluntary or mandated by law, involving participation by insurers in
3 the equitable apportionment among them of insurance which may be
4 afforded applicants who are unable to obtain insurance through
5 ordinary methods;

6 21. 23. "Special assessments" means guaranty fund assessments,
7 Special Indemnity Fund assessments, Vocational Rehabilitation Fund
8 assessments, and other similar assessments. Special assessments
9 shall not be considered as either expenses or losses;

10 22. 24. "Statistical plan" means the plan, system or
11 arrangement used in collecting data;

12 23. 25. "Supplementary rating information" means any manual or
13 plan of rates, classification, rating schedule, minimum premium,
14 policy fee rating rule and any other information needed to determine
15 the applicable premium in effect or to be in effect. This includes,
16 rating plans, territory codes and descriptions and rules which
17 include factors or relativities such as increased limits factors,
18 deductible discounts or relativities, classification relativities or
19 similar factors used to determine the rate in effect or to be in
20 effect;

21 24. 26. "Supporting information" means the experience and
22 judgment of the filer and the experience or data of other insurers
23 or advisory organizations relied upon by the filer, the
24 interpretation of any other data relied upon by the filer,

1 descriptions of methods used in making the rates and any other
2 information required by the Commissioner to be filed; and

3 25. 27. "Trending" means any procedure for projecting losses to
4 the average date of loss, or premiums or exposures to the average
5 date of writing, for the period during which the policies are to be
6 effective.

7 SECTION 2. AMENDATORY 36 O.S. 2021, Section 986, is
8 amended to read as follows:

9 Section 986. A. ~~In only those markets found to be~~
10 ~~noncompetitive pursuant to Section 984 of this title, insurers and~~
11 ~~advisory organizations shall file with the Commissioner and the~~
12 ~~Commissioner shall review reasonable rules and plans for recording~~
13 ~~and reporting their rates, loss and expense experience and other~~
14 ~~information determined by the Commissioner to be necessary or~~
15 ~~appropriate for the administration of the Property and Casualty~~
16 ~~Competitive Loss Cost Rating Act. The Commissioner may designate~~
17 ~~one or more advisory organizations or other agencies to assist in~~
18 ~~gathering such experience and making compilation thereof.~~

19 B. Reasonable rules and plans may be promulgated by the
20 Oklahoma Insurance Commissioner for the exchange of data necessary
21 for the development and application of rating plans.

22 C. B. In order to further uniform administration of rate
23 regulatory laws, the Commissioner and every insurer and advisory
24 organization may exchange information and experience data with

1 insurance supervisory officials, insurers and advisory organizations
2 in other states and may consult with them with respect to the
3 application of rating systems.

4 D. C. Cooperation among advisory organizations or among
5 advisory organizations and insurers in ratemaking or in other
6 matters within the scope of the Property and Casualty Competitive
7 Loss Cost Rating Act is authorized. The Commissioner may review
8 such cooperative activities and practices, and if, after a hearing,
9 any such activity or practice is found to violate the provisions of
10 the Property and Casualty Competitive Loss Cost Rating Act, a
11 written order may be issued specifying that such activity or
12 practice violates the provisions of this act and requiring the
13 discontinuance of such activity.

14 SECTION 3. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 987.1 of Title 36, unless there
16 is created a duplication in numbering, reads as follows:

17 A. Each insurer shall file with the Insurance Commissioner all
18 rates, applicable rating manuals, supplementary rating information,
19 and additional information as required by the Insurance
20 Commissioner. An insurer may use a rate filed under this act on and
21 after the date the rate is filed.

22 B. The Insurance Commissioner by rule shall:

23 1. Determine the information required to be included in the
24 filing, including:

1 a. categories of supporting information and supplementary
2 rating information,
3 b. statistics or other information to support the rates
4 to be used by the insurer,
5 c. information necessary to evidence that the computation
6 of the rate does not include disallowed expenses for
7 personal lines, and
8 d. information concerning policy fees, service fees, and
9 other fees that are charged or collected by the
10 insurer; and

11 2. Prescribe the process through which the Oklahoma Insurance

12 Department requests supplementary rating information and supporting
13 information under this act, including:

14 a. the number of times the Department may make a request
15 for information, and
16 b. the types of information the Department may request
17 when reviewing a rate filing.

18 C. This section does not apply to rates for use with an insured

19 that has:

20 1. Total insured property values of Five Million Dollars

21 (\$5,000,000.00) or more;

22 2. Total annual gross revenues of Ten Million Dollars

23 (\$10,000,000.00) or more; or

1 3. A total premium of Twenty Five Thousand Dollars (\$25,000.00)
2 or more for property insurance, Twenty Five Thousand Dollars
3 (\$25,000.00) or more for general liability insurance, or Fifty
4 Thousand Dollars (\$50,000.00) or more for multi-peril insurance.

5 D. The Insurance Commissioner shall consider the applicable
6 factors in Section 902.2 of this title when reviewing filings.

7 SECTION 4. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 987.2 of Title 36, unless there
9 is created a duplication in numbering, reads as follows:

10 In determining filing requirements under Section 3 of this act
11 for an insurer with less than five percent (5%) of the market, the
12 Insurance Commissioner shall consider insurer and market-specific
13 attributes, as applicable. The Insurance Commissioner shall
14 determine filing requirements for those insurers accordingly to
15 accommodate premium volume and loss experience, targeted markets,
16 limitations on coverage, and any potential barriers to market entry
17 or growth.

18 SECTION 5. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 987.3 of Title 36, unless there
20 is created a duplication in numbering, reads as follows:

21 A. Not later than the earlier of the date the rate takes effect
22 or thirty (30) days after the date a rate is filed with the
23 Department under Section 3 of this act, the Insurance Commissioner
24

1 shall disapprove the rate if the Insurance Commissioner determines
2 that the rate does not comply with the requirements of this act.

3 B. Except as provided by subsection C, if a rate has not been
4 disapproved by the Insurance Commissioner before the expiration of
5 the thirty-day period described by subsection A of this section, the
6 rate is not considered disapproved under this section.

7 C. For good cause, the Insurance Commissioner may, on the
8 expiration of the thirty-day period described by subsection A of
9 this section, extend the period for disapproval of a rate for one
10 additional thirty-day period. The Insurance Commissioner and the
11 insurer may not by agreement extend the thirty-day period described
12 by subsection A or this subsection.

13 D. If the Insurance Commissioner disapproves a rate under this
14 section, the Insurance Commissioner shall issue an order specifying
15 in what respects the rate fails to meet the requirements of this
16 act.

17 E. An insurer that files a rate that is disapproved under this
18 section is entitled to a hearing on written request made to the
19 Insurance Commissioner not later than thirty (30) days after the
20 date the order disapproving the rate takes effect.

21 F. The Oklahoma Insurance Department shall track, compile, and
22 routinely analyze the factors that contribute to the disapproval of
23 rates under this section.

1 SECTION 6. NEW LAW A new section of law to be codified

2 in the Oklahoma Statutes as Section 987.4 of Title 36, unless there
3 is created a duplication in numbering, reads as follows:

4 A. If the Oklahoma Insurance Department determines that the
5 information filed by an insurer under this act is incomplete or
6 otherwise deficient, the Oklahoma Insurance Department may request
7 additional information from the insurer.

8 B. If the Oklahoma Insurance Department requests additional
9 information from the insurer during the thirty-day period described
10 by subsection A of Section 5 of this act or under a second thirty-
11 day period described by subsection C of Section 5, as applicable,
12 the time between the date the Oklahoma Insurance Department submits
13 the request to the insurer and the date the Oklahoma Insurance
14 Department receives the information requested is not included in the
15 computation of the first thirty-day period or the second thirty-day
16 period, as applicable.

17 C. For purposes of this section, the date of the Oklahoma
18 Insurance Department's submission of a request for additional
19 information is the earlier of:

20 1. The date of the Oklahoma Insurance Department's electronic
21 mailing or documented telephone call relating to the request for
22 additional information; or

23 2. The postmarked date on the Oklahoma Insurance Department's
24 letter relating to the request for additional information.

1 D. The Oklahoma Insurance Department shall track, compile, and
2 routinely analyze the volume and content of requests for additional
3 information made under this section to ensure that all requests for
4 additional information are fair and reasonable.

5 SECTION 7. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 987.5 of Title 36, unless there
7 is created a duplication in numbering, reads as follows:

8 A. The Insurance Commissioner may disapprove a rate that is in
9 effect only after a hearing. The Insurance Commissioner shall
10 provide the filer at least twenty (20) days' written notice.

11 B. The Insurance Commissioner must issue an order disapproving
12 a rate under subsection A of this section not later than fifteen
13 (15) days after the close of the hearing. The order must:

14 1. Specify in what respects the rate fails to meet the
15 requirements of Title 36 of the Oklahoma Statutes or rules made
16 pursuant to this act; and

17 2. State the date on which further use of the rate is
18 prohibited, which may not be earlier than forty-five (45) days after
19 the close of the hearing under this section.

20 SECTION 8. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 987.6 of Title 36, unless there
22 is created a duplication in numbering, reads as follows:

23 A. An insured who is aggrieved with respect to any filing under
24 this act that is in effect, may apply to the Insurance Commissioner

1 in writing for a hearing on the filing. The application must
2 specify the grounds for the applicant's grievance.

3 B. The Insurance Commissioner shall hold a hearing on an
4 application filed under subsection A of this section not later than
5 thirty (30) days after the date the Insurance Commissioner receives
6 the application if the Insurance Commissioner determines that:

7 1. The application is made in good faith;

8 2. The applicant would be aggrieved as alleged if the grounds
9 specified in the application were established; and

10 3. The grounds specified in the application otherwise justify
11 holding the hearing.

12 C. The Insurance Commissioner shall provide written notice of a
13 hearing under subsection B to the applicant and each insurer that
14 made the filing not later than ten (10) days before the date of the
15 hearing.

16 D. If, after the hearing, the Insurance Commissioner determines
17 that the filing does not meet the requirements of this act, Title 36
18 of the Oklahoma Statutes, or any rule made pursuant to this act, the
19 Insurance Commissioner shall issue an order:

20 1. Specifying in what respects the filing fails to meet those
21 requirements; and

22 2. Stating the date on which the filing is no longer in effect,
23 which must be within a reasonable period after the order date.

1 E. The Insurance Commissioner shall send copies of the order
2 issued under subsection D of this section to the applicant and each
3 affected insurer.

4 SECTION 9. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 987.7 of Title 36, unless there
6 is created a duplication in numbering, reads as follows:

7 A. The Insurance Commissioner by order may require an insurer
8 to file with the Oklahoma Insurance Department for the Insurance
9 Commissioner's approval all rates, supplementary rating information,
10 and any supporting information in accordance with this act if the
11 Insurance Commissioner determines that:

12 1. The insurer's rates require supervision because of the
13 insurer's financial condition or rating practices; or
14 2. A statewide insurance emergency exists.

15 B. If an insurer files a petition for judicial review of an
16 order disapproving a rate under this act, the insurer must use the
17 rates in effect for the insurer at the time the petition is filed
18 and may not file and use any higher rate for the same line of
19 insurance subject to this act before the matter subject to judicial
20 review is finally resolved unless the insurer, in accordance with
21 this act, files the new rate with the Oklahoma Insurance Department,
22 along with any applicable supplementary rating information and
23 supporting information, and obtains the Insurance Commissioner's
24 approval of the rate.

1 C. From the date of the filing of the rate with the Oklahoma
2 Insurance Department to the effective date of the new rate, the
3 insurer's previously filed rate that is in effect on the date of the
4 filing remains in effect.

5 D. The Insurance Commissioner may require an insurer to file
6 the insurer's rates under this section until the Insurance
7 Commissioner determines that the conditions described by subsection
8 A of this section no longer exist.

9 E. If the Insurance Commissioner requires an insurer to file
10 the insurer's rates under this section, the Insurance Commissioner
11 shall periodically assess whether the conditions described by
12 subsection A of this section continue to exist. If the Insurance
13 Commissioner determines that the conditions no longer exist, the
14 Insurance Commissioner shall issue an order excusing the insurer
15 from filing the insurer's rates under this section.

16 F. For purposes of this section, a rate is filed with the
17 Oklahoma Insurance Department on the date the department receives
18 the rate filing.

19 G. If the Insurance Commissioner requires an insurer to file
20 the insurer's rates under this section, the Insurance Commissioner
21 shall issue an order specifying the Insurance Commissioner's reasons
22 for requiring the rate filing and explaining any steps the insurer
23 must take and any conditions the insurer must meet in order to be
24 excused from filing the insurer's rates under this section. An

1 affected insurer is entitled to a hearing on written request made to
2 the Insurance Commissioner not later than thirty (30) days after the
3 date the order is issued.

4 H. The Insurance Commissioner by rule shall define:

5 1. The financial conditions and rating practices that may
6 subject an insurer to this section under paragraph 1 of subsection A
7 of this section; and

8 2. The process by which the Insurance Commissioner determines
9 that a statewide insurance emergency exists under paragraph 2 of
10 subsection A of this section.

11 SECTION 10. NEW LAW A new section of law to be codified

12 in the Oklahoma Statutes as Section 987.8 of Title 36, unless there
13 is created a duplication in numbering, reads as follows:

14 A. An insurer subject to this act may not use a rate until the
15 rate has been filed with the Oklahoma Insurance Department and
16 approved by the Insurance Commissioner in accordance with this act.

17 B. Notwithstanding subsection A of this section, after a rate
18 filing is approved under this act, an insurer, without prior
19 approval of the Insurance Commissioner, may use any rate
20 subsequently filed by the insurer if the subsequently filed rate
21 does not exceed the lesser of:

22 1. One hundred seven and five-tenths percent (107.5%) of the
23 rate approved by the Insurance Commissioner; or

24

1 2. One hundred ten percent (110%) of any rate used by the
2 insurer in the previous twelve-month period.

3 C. Filed rates under subsection B of this section take effect
4 on the date specified by the insurer.

5 SECTION 11. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 987.9 of Title 36, unless there
7 is created a duplication in numbering, reads as follows:

8 A. Except as provided by subsections B, C, and D of this
9 section, an insurer is exempt from the rate filing and approval
10 requirements of this act if the insurer, during the calendar year
11 preceding the date filing is otherwise required under Title 36 of
12 the Oklahoma Statutes, issued residential property insurance
13 policies in this state that accounted for less than two percent (2%)
14 of the total amount of premiums collected by insurers for
15 residential property insurance policies issued in this state, more
16 than fifty percent (50%) of which cover property valued at less than
17 One Hundred Thousand Dollars (\$100,000.00).

18 B. If an insurer described by subsection A of this section is a
19 member of an affiliated insurance group, this section applies to the
20 insurer only if the total aggregate premium collected by the group
21 accounts for less than two percent (2%) of the total amount of
22 premiums collected by insurers for residential property insurance
23 policies issued in this state.

1 C. An insurer described by subsection A of this section that
2 proposes to increase the premium rates charged policyholders for a
3 residential property insurance product by an amount that is ten
4 percent (10%) or more over the amount the insurer charged
5 policyholders for the same or an equivalent residential property
6 insurance product during the preceding calendar year must file the
7 insurer's proposed rates in accordance with this act and, if
8 applicable, obtain approval of the proposed rates.

9 D. An insurer described by subsection A that increases the
10 premium rates charged policyholders for a residential property
11 insurance product by an annual average amount of eight percent (8%)
12 or greater for three (3) consecutive calendar years must file the
13 insurer's proposed rates in accordance with this act in the calendar
14 year following the three (3) consecutive years and, if applicable,
15 obtain approval of the proposed rates. In calculating the three (3)
16 consecutive calendar years' average premium increases, an insurer is
17 not required to consider a year in which there is a weather-related
18 catastrophe or other major natural disaster that requires the
19 commissioner to extend the claim-handling deadlines.

20 SECTION 12. REPEALER 36 O.S. 2021, Section 984, is
21 hereby repealed.

22 SECTION 13. REPEALER 36 O.S. 2021, Section 987, is
23 hereby repealed.

1 SECTION 14. This act shall become effective November 1, 2026.

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