

**COMMITTEE AMENDMENT**  
HOUSE OF REPRESENTATIVES  
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB2955 \_\_\_\_\_  
Of the printed Bill  
Page \_\_\_\_\_ Section \_\_\_\_\_ Lines \_\_\_\_\_  
Of the Engrossed Bill

By deleting the content of the entire measure, and by inserting in lieu thereof the following language:

**AMEND TITLE TO CONFORM TO AMENDMENTS**

Amendment submitted by: Jason Blair \_\_\_\_\_

Adopted: \_\_\_\_\_

\_\_\_\_\_  
Reading Clerk

1 STATE OF OKLAHOMA

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

3 PROPOSED OVERSIGHT  
4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 2955

By: Blair and Tedford

7  
8 PROPOSED OVERSIGHT COMMITTEE SUBSTITUTE

9 An Act relating to insurance; amending 36 O.S. 2021,  
10 Sections 6470.2, as amended by Section 1, Chapter  
11 127, O.S.L. 2022, 6470.3, as amended by Section 2,  
12 Chapter 127, O.S.L. 2022, 6470.6, 6470.10, as amended  
13 by Section 3, Chapter 127, O.S.L. 2022, 6470.14,  
14 6470.19, 6470.24.1, 6470.29, and 6470.35 (36 O.S.  
15 Supp. 2025, Sections 6470.2, 6470.3, 6470.10, and  
16 6470.35), which relate to the Oklahoma Captive  
17 Insurance Company Act; providing definitions; adding  
18 language to clarify persons referenced; permitting  
19 Insurance Commissioner disclose information to the  
20 National Association of Insurance Commissioners if  
21 conditions are met; requiring captive insurance  
22 company respond to inquiries within timeframe;  
23 requiring sponsored captive insurance companies to  
24 maintain unimpaired paid-in capital; permitting  
irrevocable letter of credit issued by financial  
institutions approved by the Insurance Commissioner;  
permitting the suspension or revocation of license  
for failure to adequately respond to inquiry;  
permitting fines; modifying fees and taxes to be  
reported and disbursed by the Insurance Commissioner;  
requiring Insurance Commissioner's approval of  
mergers or acquisitions involving change in control  
of a captive insurance company; requiring captive  
insurance companies establish and maintain  
administrative and accounting procedures; requiring  
written approval for transfer of assets made with  
respect to protected cell; requiring clear indication  
in participant contact; requiring annual auditor  
review; requiring contract identify protected cell;

1 authorizing the remedy of tracing; clarifying  
2 creation of protected cell shall not create a legal  
3 person; permitting conversion of one or more  
4 protected cells; requiring written notice before  
5 conversion; directing that conversion shall be deemed  
6 a continuation of protected cell's existence;  
7 stipulating that conversion shall occur without any  
8 transfer or assignment; clarifying conversion shall  
9 not limit any rights or protections applicable;  
10 referencing law to be followed for certain converting  
11 protected cells; permitting conveyance of protected  
12 cell; authorizing certain captive insurance companies  
13 conversion into a protected cell; stipulating that  
14 conversion shall be subject to a business plan;  
15 permitting certain mergers of protected cells by a  
16 sponsored captive insurance company; clarifying  
17 creditors to whom assets and recourse are available;  
18 establishing that establishment of one or more  
19 protected cells does not alone constitute fraud;  
20 providing information to be specified in legal  
21 actions; clarifying that legal action that does not  
22 specify protected cells shall be deemed against the  
23 general assets only; clarifying that unnamed  
24 protected cells shall not be party to legal action;  
establishing no protected cell has duty to defend  
rights and obligations of any other protected cell;  
providing treatment and status of papers, documents,  
or property in legal action; directing that assets  
and liabilities kept separate in connection with  
rehabilitation or liquidation; providing how receiver  
shall manage assets and liabilities of protected cell  
captive insurance company; prohibiting unapproved use  
of assets to pay expenses or claims; providing  
procedures for a captive insurance company dealing  
with foreign currency or securities; permitting  
public bodies to expend public funds; repealing 36  
O.S. 2021, Section 6470.28, which relates to  
conversion or merger and applicability of Article 16A  
of the Insurance Code; providing for codification;  
and providing an effective date.

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

1 SECTION 1. AMENDATORY 36 O.S. 2021, Section 6470.2, as  
2 amended by Section 1, Chapter 127, O.S.L. 2022 (36 O.S. Supp. 2025,  
3 Section 6470.2), is amended to read as follows:

4 Section 6470.2. As used in the Oklahoma Captive Insurance  
5 Company Act:

6 1. "Alien company" means an insurance company formed and  
7 licensed pursuant to the laws of a country or jurisdiction other  
8 than the United States of America, or any of its states, districts,  
9 commonwealths and possessions;

10 2. "Affiliated company" means a company in the same corporate  
11 system as a parent, an industrial insured, or a member organization  
12 by virtue of common ownership, control, operation, or management;

13 3. "Agency captive insurance company" means a captive insurance  
14 company that is:

15 a. a captive insurance company that is owned or  
16 controlled by an insurance agency, brokerage, or  
17 reinsurance intermediary, or an affiliate thereof, or  
18 under common ownership or control with such agency,  
19 brokerage, or reinsurance intermediary, and that only  
20 insures the risks of insurance or annuity contracts  
21 placed by or through such agency, brokerage, or  
22 reinsurance intermediary, or

23 b. a captive insurance company that is owned or  
24 controlled by a seller or issuer of service contracts,

1           warranties, vehicle protection products, or financial  
2           protection products, and that only insures or  
3           reinsures the contract liability arising out of such  
4           contracts, warranties, or products of that seller or  
5           issuer.

6           For the purposes of this paragraph, "common ownership or  
7           control" shall mean ownership of ten percent (10%) or more of the  
8           voting securities or such other form of ownership or control as the  
9           Insurance Commissioner may approve.

10          4. "Association" means a legal association of individuals,  
11 corporations, partnerships, or associations that has been in  
12 continuous existence for at least one (1) year or such lesser period  
13 of time approved by the Insurance Commissioner:

- 14           a. the member organizations of which, or which does  
15           itself or either of them acting in concert directly or  
16           indirectly own, control, or hold with power to vote  
17           all of the outstanding voting securities or interests  
18           of, or have complete voting control over an  
19           association captive insurance company, or
- 20           b. the member organizations of which collectively  
21           constitute all of the subscribers of an association  
22           captive insurance company formed as a reciprocal  
23           insurer;

1       ~~4.~~ 5. "Association captive insurance company" means a captive  
2 insurance company that insures risks of the member organizations of  
3 the association and their affiliated companies;

4       ~~5.~~ 6. "Branch business" means any insurance business transacted  
5 by a branch captive insurance company in this state;

6       ~~6.~~ 7. "Branch captive insurance company" means an alien captive  
7 insurance company or foreign captive insurance company licensed by  
8 the Insurance Commissioner to transact the business of insurance in  
9 this state through a business unit with a principal place of  
10 business in this state. A branch captive insurance company must be  
11 a pure captive insurance company with respect to operations in this  
12 state, unless otherwise permitted by the Insurance Commissioner;

13       ~~7.~~ 8. "Branch operations" means any business operations of a  
14 branch captive insurance company in this state;

15       ~~8.~~ 9. "Capital and surplus" means the amount by which the value  
16 of all of the assets of the captive insurance company exceeds all of  
17 the liabilities of the captive insurance company, as determined  
18 under the method of accounting utilized by the captive insurance  
19 company in accordance with the applicable provisions of this act;

20       ~~9.~~ 10. "Captive insurance company" means a pure captive  
21 insurance company, agency captive insurance company, association  
22 captive insurance company, sponsored captive insurance company,  
23 special purpose captive insurance company, industrial insured  
24 captive insurance company, branch captive insurance company, or

1 series captive insurance company formed or licensed under the  
2 Oklahoma Captive Insurance Company Act;

3 ~~10.~~ 11. "Controlled unaffiliated business" means a company:

- 4 a. that is not in the corporate system of a parent and  
5 affiliated companies,  
6 b. that has an existing contractual relationship with a  
7 parent or affiliated company, and  
8 c. whose risks are managed by a pure captive insurance  
9 company in accordance with Section 6470.27 of this  
10 title;

11 ~~11.~~ 12. "Insurance Commissioner" or "Commissioner" means the  
12 Insurance Commissioner of this state or designee of the Insurance  
13 Commissioner;

14 ~~12.~~ 13. "Department" means the Insurance Department;

15 ~~13.~~ 14. "Dormant captive insurance company" means a captive  
16 insurance company holding a valid and active certificate of dormancy  
17 issued by the Insurance Commissioner pursuant to Section 6470.35 of  
18 this title;

19 15. "GAAP" means generally accepted accounting principles;

20 ~~14.~~ 16. "Industrial insured" means an insured:

- 21 a. who procures the insurance of any risk or risks by use  
22 of the services of a full-time employee acting as an  
23 insurance manager or buyer,  
24

1           b. whose aggregate annual premiums for insurance on all  
2           risks total at least Twenty-five Thousand Dollars  
3           (\$25,000.00), and

4           c. who has at least twenty-five full-time employees;

5       ~~15.~~ 17. "Industrial insured captive insurance company" means a  
6 company that insures risks of the industrial insureds that comprise  
7 the industrial insured group and their affiliated companies;

8       ~~16.~~ 18. "Industrial insured group" means a group of industrial  
9 insureds that collectively directly or indirectly owns, controls, or  
10 holds with power to vote all of the outstanding voting securities or  
11 other voting interests or has complete control over an industrial  
12 insured captive insurance company;

13       ~~17.~~ 19. "Member organization" means any individual,  
14 corporation, partnership, or association that belongs to an  
15 association;

16       ~~18.~~ 20. "Parent" means any corporation, partnership, or  
17 individual that directly or indirectly owns, controls, or holds with  
18 power to vote more than fifty percent (50%) of the outstanding  
19 voting securities of a pure captive insurance company;

20       ~~19.~~ 21. "Participant" means an entity as defined in Section  
21 6470.31 of this title, and any affiliates of that entity, that are  
22 insured by a sponsored captive insurance company, where the losses  
23 of the participant are limited through a participant contract to the  
24

1 participant's pro rata share of the assets of one or more protected  
2 cells identified in the participant contract;

3 ~~20.~~ 22. "Participant contract" means a contract by which a  
4 sponsored captive insurance company insures the risks of one or more  
5 participants and limits the losses of each participant to its pro  
6 rata share of the assets of one or more protected cells identified  
7 in the participant contract;

8 ~~21.~~ 23. "Protected cell" means a separate and distinct account  
9 established and maintained by or on behalf of a sponsored captive  
10 insurance company in which assets are accounted for and recorded for  
11 one or more participants in accordance with the terms of one or more  
12 participant contracts to fund the liability of the sponsored captive  
13 insurance company assumed on behalf of the participants as set forth  
14 in the participant contracts;

15 24. "Public body" means any state or local governmental body  
16 formed pursuant to the laws of this state, including, but not  
17 limited to, school districts, vocational education districts,  
18 cities, counties, public trusts, public authorities, commissions or  
19 other local governmental bodies;

20 ~~22.~~ 25. "Pure captive insurance company" means a company that  
21 insures risks of its parent, affiliated companies of its parent, and  
22 any controlled unaffiliated business, or a combination thereof. For  
23 purposes of this paragraph, "controlled unaffiliated business" means  
24 an entity insured by a pure captive insurance company:

- 1 a. that is not in the corporate system of a parent and  
2 affiliated companies,  
3 b. that has an existing contractual relationship with a  
4 parent or affiliated company, and  
5 c. whose risks are managed by a pure captive insurance  
6 company;

7 ~~23.~~ 26. "Reciprocal insurer" has the meaning given that term in  
8 Article 29 of the Oklahoma Insurance Code;

9 ~~24.~~ 27. "Risk retention group" means a risk retention group  
10 formed pursuant to the Liability Risk Retention Act of 1986 under  
11 Section 3901 of Title 15 of the United States Code;

12 ~~25.~~ 28. "Series" means a series of members, managers,  
13 membership interests or assets under the Oklahoma Limited Liability  
14 Company Act pursuant to Section 2054.4 of Title 18 of the Oklahoma  
15 Statutes, or the corresponding law of another state;

16 ~~26.~~ 29. "Series captive insurance company" means a series which  
17 has received a certificate of authority pursuant to this act;

18 ~~27.~~ 30. "Special purpose captive insurance company" means a  
19 captive insurance company that is formed or licensed under the  
20 Oklahoma Captive Insurance Company Act that does not meet the  
21 definition of any other type of captive insurance company defined in  
22 this section and is designated as a special purpose captive  
23 insurance company by the Insurance Commissioner;

1       ~~28.~~ 31. "Sponsor" means an entity that meets the requirements  
2 of Section 6470.30 of this title and is approved by the Insurance  
3 Commissioner to provide all or part of the capital and surplus  
4 required by applicable law and to organize and operate a sponsored  
5 captive insurance company;

6       ~~29.~~ 32. "Sponsored captive insurance company" means a captive  
7 insurance company:

- 8           a. in which the minimum capital and surplus required by
- 9                   applicable law is provided by one or more sponsors,
- 10          b. that is formed or licensed under the Oklahoma Captive
- 11                   Insurance Company Act,
- 12          c. that insures the risks of its participants only
- 13                   through separate participant contracts, and
- 14          d. that funds its liability to each participant through
- 15                   one or more protected cells and segregates the assets
- 16                   of each protected cell from the assets of other
- 17                   protected cells and from the assets of the sponsored
- 18                   captive insurance company's general ~~account~~ assets;
- 19                   and

20       ~~30.~~ 32. "Workers' compensation insurance" means insurance  
21 provided in satisfaction of an employer's responsibility as set  
22 forth in the Administrative Workers' Compensation Act and the  
23 Oklahoma Employee Injury Benefit Act.

24

1 SECTION 2. AMENDATORY 36 O.S. 2021, Section 6470.3, as  
2 amended by Section 2, Chapter 127, O.S.L. 2022 (36 O.S. Supp. 2025,  
3 Section 6470.3), is amended to read as follows:

4 Section 6470.3. A. A captive insurance company, when permitted  
5 by its articles of incorporation or charter, may apply to the  
6 Insurance Commissioner, in the manner and form prescribed by the  
7 Commissioner, for a license to do any and all insurance authorized  
8 by this title; however:

9 1. A pure captive insurance company may not insure any risks  
10 other than those of its parent, affiliated companies of its parent,  
11 or any controlled unaffiliated business, or a combination thereof;

12 2. An association captive insurance company may not insure any  
13 risks other than those of the member organizations of its  
14 association and their affiliated companies;

15 3. An industrial insured captive insurance company may not  
16 insure any risks other than those of the industrial insureds that  
17 comprise the industrial insured group and their affiliated  
18 companies;

19 4. A special purpose captive insurance company may provide  
20 insurance or reinsurance, or both, for risks as approved by the  
21 Insurance Commissioner;

22 5. A captive insurance company may not provide personal motor  
23 vehicle or homeowner's insurance coverage or any component of these  
24 coverages;

1       6. Any captive insurance company may provide workers'  
2 compensation insurance, insurance in the nature of workers'  
3 compensation insurance, and reinsurance of such policies, unless  
4 prohibited by federal law or laws of this state or any other state  
5 having jurisdiction over the transaction; and

6       7. A series captive insurance company may not insure any risks  
7 other than those permitted in paragraphs 1 through 6 of this  
8 subsection. A series may elect to apply for a certificate of  
9 authority as an association captive insurance company, industrial  
10 insured captive insurance company, a pure captive insurance company,  
11 series captive insurance company, or a special purpose captive  
12 insurance company.

13       B. To conduct insurance business in this state, a captive  
14 insurance company shall:

15       1. Obtain from the Insurance Commissioner a license authorizing  
16 it to conduct insurance business in this state;

17       2. Maintain a place of business in this state designated as its  
18 registered office; and

19       3. Appoint a resident registered agent to accept service of  
20 process and to otherwise act on its behalf in this state. Whenever  
21 the registered agent cannot with reasonable diligence be found at  
22 the registered office of the captive insurance company, the  
23 Insurance Commissioner shall be deemed an agent of the captive  
24 insurance company upon whom any process, notice, or demand, other

1 than a subpoena, may be served. Service upon the Insurance  
2 Commissioner shall be in accordance with Section 622 of this title.

3 C. 1. Before receiving a license, a captive insurance company  
4 shall file with the Insurance Commissioner a certified copy of its  
5 organizational documents, a statement under oath of its president or  
6 other authorized person showing its financial condition, a  
7 feasibility study, a business plan, and any other statements,  
8 information or documents required by the Insurance Commissioner.

9 2. In addition to the information required by paragraph 1 of  
10 this subsection, an applicant captive insurance company shall file  
11 with the Insurance Commissioner evidence of:

- 12 a. the amount and liquidity of its assets relative to the  
13 risks to be assumed,
- 14 b. the adequacy of the expertise, experience, and  
15 character of the person or persons who will manage it,
- 16 c. the overall soundness of its business plan ~~of~~  
17 ~~operation,~~
- 18 d. the adequacy of the loss prevention programs of its  
19 insureds, and
- 20 e. such other factors considered relevant by the  
21 Insurance Commissioner in ascertaining whether the  
22 proposed captive insurance company will be able to  
23 meet its obligations.

24

1           3. Information submitted pursuant to this ~~subsection~~ section is  
2 confidential and may not be made public by the Insurance  
3 Commissioner or an agent or employee of the Insurance Commissioner  
4 without the written consent of the company, except that:

5           a. information may be discoverable by a party in a civil  
6 action or contested case to which the captive  
7 insurance company that submitted the information is a  
8 party, upon a showing by the party seeking to discover  
9 the information that:

10           (1) the information sought is relevant to and  
11           necessary for the furtherance of the action or  
12           case,

13           (2) the information sought is unavailable from other  
14           nonconfidential sources, and

15           (3) a subpoena issued by a judicial or administrative  
16           officer of competent jurisdiction has been  
17           submitted to the Insurance Commissioner; however,  
18           the provisions of this paragraph do not apply to  
19           an industrial insured captive insurance company  
20           insuring the risks of an industrial insured  
21           group, and

22           b. the Insurance Commissioner may disclose the  
23           information to a public officer having jurisdiction  
24           over the regulation of insurance in another state or

1           to the National Association of Insurance Commissioners

2           if:

3           (1) the ~~public official~~ receiving party agrees in  
4           writing to maintain the confidentiality of the  
5           information, ~~and~~ or

6           (2) the ~~laws of the state in which the public~~  
7           ~~official serves require the information to be~~  
8           ~~confidential~~ captive insurance company to which  
9           the information pertains gives written consent  
10          for the disclosure.

11          D. Except for a special purpose captive insurance company, a  
12          captive insurance company shall pay to the Department a  
13          nonrefundable application fee of Two Hundred Dollars (\$200.00) for  
14          reviewing its application to determine whether it is complete and in  
15          addition, the Insurance Commissioner may retain legal, financial,  
16          and examination services from outside the Department, the reasonable  
17          cost of which may be charged against the applicant. A special  
18          purpose captive insurance company shall pay to the Department a  
19          nonrefundable fee of Three Hundred Dollars (\$300.00). Also, a  
20          captive insurance company shall pay a license fee for the year of  
21          registration and a renewal fee of Three Hundred Dollars (\$300.00).

22          E. If the Insurance Commissioner is satisfied that the  
23          documents and statements filed by the captive insurance company  
24          comply with the provisions of the Oklahoma Captive Insurance Company

1 Act, the Insurance Commissioner may grant a license authorizing the  
2 company to do insurance business in this state until the succeeding  
3 March 1 at which time the license may be renewed.

4 F. 1. Notwithstanding any other provision of this act, the  
5 Insurance Commissioner may issue a provisional license to any  
6 applicant captive insurance company if the Insurance Commissioner  
7 deems that the public interest will be served by the issuance of  
8 such license.

9 2. As a condition precedent to the issuance of a provisional  
10 license under this section, the applicant shall have filed a  
11 complete application containing all information required by this  
12 section, paid all fees required for licensure and the Insurance  
13 Commissioner shall have made a preliminary finding that the  
14 expertise, experience and character of the person or persons who  
15 will control and manage the applicant captive insurer are  
16 acceptable.

17 3. The Insurance Commissioner may by order limit the authority  
18 of any provisional licensee in any way deemed necessary to protect  
19 insureds and the public. The Insurance Commissioner may by order  
20 revoke a provisional license if the interests of insureds or the  
21 public are endangered. If the applicant fails to complete the  
22 regular licensure application process, the provisional license shall  
23 terminate automatically.

24

1        G. A captive insurance company, upon receipt of any inquiry  
2 from the Commissioner, shall, within twenty (20) calendar days from  
3 the date of receipt of the inquiry, furnish the Commissioner with an  
4 adequate response to the inquiry. The Commissioner may, upon good  
5 cause shown and on a case-by-case basis, extend the time allowed for  
6 a response for up to seven (7) additional calendar days. Any  
7 inquiry or response subject to this subsection shall be delivered  
8 electronically.

9        SECTION 3.        AMENDATORY        36 O.S. 2021, Section 6470.6, is  
10 amended to read as follows:

11        Section 6470.6. A. The Insurance Commissioner may not issue or  
12 renew the license of a captive insurance company unless the company  
13 possesses and thereafter maintains unimpaired aggregate paid-in  
14 capital and surplus of:

15        1. In the case of a pure captive insurance company, not less  
16 than Two Hundred Fifty Thousand Dollars (\$250,000.00), One Hundred  
17 Fifty Thousand Dollars (\$150,000.00) of which must be paid-in prior  
18 to the issuance of a license, and an additional One Hundred Thousand  
19 Dollars (\$100,000.00) of which must be paid-in on or before the  
20 first anniversary of the issuance of the initial license;

21        2. In the case of an association captive insurance company  
22 incorporated as a stock insurer, not less than ~~Seven Hundred Fifty~~  
23 ~~Thousand Dollars (\$750,000.00)~~ Five Hundred Thousand Dollars  
24 (\$500,000.00);

1           3. In the case of an industrial insured captive insurance  
2 company incorporated as a stock insurer, not less than Five Hundred  
3 Thousand Dollars (\$500,000.00);

4           4. In the case of a sponsored captive insurance company, not  
5 less than ~~Five Hundred Thousand Dollars (\$500,000.00)~~ One Hundred  
6 Thousand Dollars (\$100,000.00) or an amount determined by the  
7 Insurance Commissioner after giving due consideration to the  
8 business plan of the company, feasibility study, and pro formas,  
9 including the nature of the risks to be insured;

10          5. In the case of any captive insurance company doing business  
11 as a risk retention group, not less than One Million Dollars  
12 (\$1,000,000.00); and

13          6. In the case of a special purpose or branch captive insurance  
14 company, not less than Two Hundred Fifty Thousand Dollars  
15 (\$250,000.00) or an amount determined by the Insurance Commissioner  
16 after giving due consideration to the business plan of the company,  
17 feasibility study, and pro formas, including the nature of the risks  
18 to be insured;

19          7. In the case of a series captive insurance company, the  
20 minimum capital and surplus shall be in an amount specified by the  
21 Insurance Commissioner; and

22          8. The unimpaired paid-in capital may be in the form of cash,  
23 cash equivalent, or an irrevocable letter of credit issued by a bank  
24 chartered by this state or a member bank of the Federal Reserve

1 System, or other financial institution approved by the Insurance  
2 Commissioner. The issuing bank shall be approved by the Insurance  
3 Commissioner.

4 B. The Insurance Commissioner may prescribe additional capital  
5 and surplus based upon the type, volume, and nature of insurance  
6 business transacted.

7 C. In the case of a branch captive insurance company, as  
8 security for the payment of liabilities attributable to branch  
9 operations, the Insurance Commissioner may require that a trust  
10 fund, funded by an irrevocable letter of credit or other acceptable  
11 asset, be established and maintained in the United States for the  
12 benefit of United States policyholders and United States ceding  
13 insurers. The amount of the security may be no less than the  
14 capital and surplus required by the Oklahoma Captive Insurance  
15 Company Act and the reserves on these insurance policies or  
16 reinsurance contracts.

17 D. A captive insurance company may not pay a dividend out of,  
18 or other distribution with respect to, capital or surplus, without  
19 the prior approval of the Insurance Commissioner. Approval of an  
20 ongoing plan for the payment of dividends or other distributions  
21 must be conditioned upon the retention, at the time of each payment,  
22 of capital or surplus in excess of amounts specified by, or  
23 determined in accordance with formulas approved by, the Insurance  
24 Commissioner.

1 SECTION 4. AMENDATORY 36 O.S. 2021, Section 6470.10, as  
2 amended by Section 3, Chapter 127, O.S.L. 2022 (36 O.S. Supp. 2025,  
3 Section 6470.10), is amended to read as follows:

4 Section 6470.10. A. A captive insurance company may be  
5 incorporated as a stock corporation or as a nonstock corporation, or  
6 may be formed as a limited liability company, partnership, limited  
7 partnership, statutory trust or any lawful form approved by the  
8 Insurance Commissioner.

9 B. An association captive insurance company, industrial insured  
10 captive insurance company or special purpose captive insurance  
11 company may be organized as a reciprocal insurer.

12 C. The Insurance Commissioner shall not issue the initial  
13 license or ~~review~~ renew the license of any captive ~~insurer~~ insurance  
14 company unless the Insurance Commissioner determines the following  
15 matters serve the best interest of the prospective policyholders and  
16 promote the general good of the state:

17 1. The character, reputation, financial standing, and purposes  
18 of the principals, owners or other persons who will direct or  
19 control the affairs of the captive ~~insurer~~ insurance company;

20 2. The character, reputation, financial responsibility,  
21 insurance experience, and business qualifications of the officers  
22 and directors; and

23 3. Other aspects as the Insurance Commissioner considers  
24 advisable.

1 D. In the case of a captive insurance company licensed as a  
2 branch captive insurance company, the findings required in  
3 subsection C above shall be in respect to the alien captive  
4 insurance company.

5 E. 1. A captive insurance company formed under the laws of  
6 this state or under the laws of another jurisdiction that is  
7 licensed under the provisions of this title shall have the  
8 privileges and be subject to the provisions of the laws of this  
9 state or the laws of such other jurisdiction, as applicable, under  
10 which such captive insurance company is organized as well as the  
11 applicable provisions contained in this title. In the event of  
12 conflict between the provisions of the laws of this state or the  
13 laws of such other jurisdiction, as applicable, under which such  
14 captive insurance company is organized, and the provisions of this  
15 title, the latter shall control.

16 2. A captive insurance company, formed or licensed under the  
17 Oklahoma Captive Insurance Company Act, has the privileges and is  
18 subject to the provisions of Oklahoma law as well as the applicable  
19 provisions contained in the Oklahoma Captive Insurance Company Act.  
20 If a conflict occurs between a provision of the general law of  
21 Oklahoma and a provision of the Oklahoma Captive Insurance Company  
22 Act, the latter controls. No provision of the Oklahoma Insurance  
23 Code, other than those contained in this act or otherwise  
24

1 specifically referencing such companies, shall apply to captive  
2 insurance companies.

3 3. In addition to the applicability of law provided in this  
4 section, a captive insurance company operating as a risk retention  
5 group shall be subject to the provisions of the Oklahoma Risk  
6 Retention Act under Sections 6451 through 6468 of this title.

7 4. All preliminary reports or results, working papers, recorded  
8 information, orders, documents and copies of documents produced by,  
9 obtained by or disclosed to the Insurance Commissioner or any other  
10 person in the course of any merger, consolidation, conversion,  
11 mutualization and change of control made under this section are  
12 confidential and are not subject to subpoena and may not be made  
13 public by the Insurance Commissioner or any employee or agent of the  
14 Insurance Commissioner without the written consent of the company,  
15 except to the extent provided in this subsection. Nothing in this  
16 subsection prevents the Insurance Commissioner from using this  
17 information in furtherance of the regulatory authority of the  
18 Insurance Commissioner under the Oklahoma Captive Insurance Company  
19 Act. The Insurance Commissioner may grant access to this  
20 information to public officers having jurisdiction over the  
21 regulation of insurance in any other state or country, or to law  
22 enforcement officers of this state or any other state or agency of  
23 the federal government at any time, so long as the officers

24

1 receiving the information agree in writing to use and retain it in  
2 any manner consistent with this section.

3 5. The terms and conditions set forth in Articles 18 and 19 of  
4 the Oklahoma Insurance Code pertaining to insurance supervision,  
5 conservatorship, rehabilitation, and receiverships apply in full to  
6 captive insurance companies including for this purpose individual  
7 protected cells of sponsored captive insurance companies as provided  
8 in Section 6470.29 of this title.

9 6. Any insurer which holds a current license to transact the  
10 business of insurance under the laws of any other jurisdiction may  
11 become an Oklahoma domiciled captive ~~insurer~~ insurance company by  
12 complying with all of the requirements of Oklahoma law relative to  
13 the organization and licensing of a captive ~~insurer~~ insurance  
14 company and obtaining the approval of the insurer's application for  
15 redomestication by the chief insurance regulatory official of the  
16 company's current and proposed domiciles.

17 SECTION 5. AMENDATORY 36 O.S. 2021, Section 6470.14, is  
18 amended to read as follows:

19 Section 6470.14. A. The license of a captive insurance company  
20 to conduct an insurance business in this state may be suspended or  
21 revoked by the Insurance Commissioner for:

- 22 1. Insolvency or impairment of capital and surplus;
- 23 2. Failure to meet the requirements of Section 6470.6 of this  
24 title;

1 3. Refusal or failure to submit an annual report, as required  
2 by Section 6470.11 of this title, or any other report or statement  
3 required by law or by lawful order of the Insurance Commissioner;

4 4. Failure to comply with its own charter, bylaws, business  
5 plan, or other organizational document;

6 5. Failure to pay any tax or fee, or submit to examination or  
7 any legal obligation relative to an examination, as required by this  
8 section;

9 6. Refusal or failure to pay the cost of examination;

10 7. Failure to timely and adequately respond to an inquiry from  
11 the Insurance Commissioner in accordance with Section 6470.3 of this  
12 title;

13 8. Use of methods that, although not otherwise specifically  
14 prohibited by law, nevertheless render its operation detrimental or  
15 its condition unsound with respect to the public or to its  
16 policyholders; or

17 ~~8.~~ 9. Failure otherwise to comply with laws of this state.

18 B. If the Insurance Commissioner finds, upon examination,  
19 hearing, or other evidence, that a captive insurance company has  
20 committed any of the acts specified in subsection A of this section,  
21 the Insurance Commissioner may suspend or revoke such license if the  
22 Insurance Commissioner considers it in the best interest of the  
23 public and the policyholders of the captive insurance company.

1 C. In addition to or in lieu of any applicable revocation or  
2 suspension of the license of a captive ~~insurer~~ insurance company,  
3 the Insurance Commissioner may fine any captive ~~insurer~~ insurance  
4 company who violates any provision of the Oklahoma Insurance Code a  
5 civil penalty of not more than Five Thousand Dollars (\$5,000.00) for  
6 each occurrence, except as provided in subsection D of this section.

7 D. In addition to or in lieu of any applicable revocation or  
8 suspension of the license, the Insurance Commissioner may fine any  
9 captive insurance company that fails to timely file an annual  
10 financial statement, audit, actuarial opinion, or premium tax return  
11 in an amount of not more than One Hundred Dollars (\$100.00) per each  
12 day of delay. The maximum penalty under this subsection shall be  
13 One Hundred Thousand Dollars (\$100,000.00).

14 SECTION 6. AMENDATORY 36 O.S. 2021, Section 6470.19, is  
15 amended to read as follows:

16 Section 6470.19. A. Each captive insurance company, other than  
17 a sponsored captive insurance company, and each protected cell of a  
18 sponsored captive insurance company, shall pay to the Insurance  
19 Department, by March 1 of each year, a tax at the rate of two-tenths  
20 of one percent (0.2%) on the direct premiums collected or contracted  
21 for on policies or contracts of insurance written by the captive  
22 insurance company during the year ending December 31 next preceding,  
23 after deducting from the direct premiums subject to the tax the  
24 amounts paid to policyholders as return premiums which shall include

1 dividends on unabsorbed premiums or premium deposits returned or  
2 credited to policyholders up to a maximum tax for such year of One  
3 Hundred Thousand Dollars (\$100,000.00); provided however, that no  
4 tax shall be due or payable as to consideration received for annuity  
5 contracts.

6 B. A captive insurance company, other than a sponsored captive  
7 insurance company, and each protected cell of a sponsored captive  
8 insurance company, shall pay to the Department, by March 1 of each  
9 year, a tax at the rate of one-tenth of one percent (0.1%) of  
10 assumed reinsurance premium. However, no reinsurance tax applies to  
11 premiums for risks or portions of risks which are subject to  
12 taxation on a direct basis pursuant to subsection A of this section.  
13 A premium tax is not payable in connection with the receipt of  
14 assets in exchange for the assumption of loss reserves and other  
15 liabilities of another insurer under common ownership and control if  
16 the transaction is part of a plan to discontinue the operations of  
17 the other insurer and if the intent of the parties to the  
18 transaction is to renew or maintain business with the captive  
19 insurance company.

20 C. A sponsored captive insurance company shall pay to the  
21 Department, by March 1 of each year, a tax on direct and assumed  
22 premiums equal, in the aggregate, to the minimum tax provided in  
23 subsection D of this section.

24

1 D. Except as provided in this section for a series captive  
2 insurance company, if the aggregate taxes to be paid by a captive  
3 insurance company or a protected cell of a sponsored captive  
4 insurance company calculated under subsections A and B of this  
5 section amount to less than Five Thousand Dollars (\$5,000.00) in any  
6 year, the captive insurance company or protected cell shall pay a  
7 minimum tax of Five Thousand Dollars (\$5,000.00) for that year.  
8 However, in the calendar year in which a captive insurance company  
9 is first licensed, or the protected cell is approved by the  
10 Insurance Commissioner, the minimum tax will be prorated on a  
11 quarterly basis. For those licensed in the first quarter, the  
12 prorated minimum tax is Five Thousand Dollars (\$5,000.00). For  
13 those licensed in the second quarter, the prorated minimum tax is  
14 Three Thousand Seven Hundred Fifty Dollars (\$3,750.00). For those  
15 licensed in the third quarter, the prorated minimum tax is Two  
16 Thousand Five Hundred Dollars (\$2,500.00). For those licensed in  
17 the fourth quarter, the prorated minimum tax is One Thousand Two  
18 Hundred Fifty Dollars (\$1,250.00). In the calendar year in which a  
19 captive insurance company is first licensed or the protected cell is  
20 first approved by the Insurance Commissioner, if the aggregate taxes  
21 to be paid calculated under subsections A and B of this section  
22 amount to less than the minimum tax prorated on a quarterly basis,  
23 the captive insurance company or protected cell shall pay the  
24 prorated minimum tax for that calendar year. Each series captive

1 insurance company shall pay an annual minimum aggregate tax of Three  
2 Thousand Five Hundred Dollars (\$3,500.00). The aggregation of the  
3 tax paid by more than one series captive insurance company formed  
4 within a limited liability company or statutory trust or the  
5 corresponding law of another state shall not be restricted by the  
6 annual maximum premium tax limitations specified in subsections A  
7 and B of this section.

8 E. Subject to subsections F, G and H of this section, if the  
9 aggregate taxes on direct and assumed premiums to be paid by a  
10 captive insurance company or a protected cell of a sponsored captive  
11 insurance company calculated under subsections A and B of this  
12 section amount to more than One Hundred Thousand Dollars  
13 (\$100,000.00) in any year, the captive insurance company, protected  
14 cell of a sponsored captive insurance company or a series captive  
15 insurance company shall pay a maximum tax of One Hundred Thousand  
16 Dollars (\$100,000.00) for that year.

17 F. Two or more captive insurance companies under common  
18 ownership and control must be taxed as though they were a single  
19 captive insurance company. Two or more protected cells of a  
20 sponsored captive insurance company that are related by common  
21 ownership and control must be taxed as though they were a single  
22 protected cell.

23 G. As used in this section, "common ownership and control"  
24 means the direct ~~or indirect~~ ownership of eighty percent (80%) or

1 more of the outstanding voting stock ~~or other voting interests~~ of  
2 two or more captive insurance companies ~~or protected cells~~ of a  
3 sponsored captive insurance company by the same person ~~or persons~~.

4 H. A captive insurance company that has employed twenty-five or  
5 more separate qualified individuals throughout a given tax year and  
6 that otherwise would be liable under this section for tax for such  
7 year in an amount exceeding Fifty Thousand Dollars (\$50,000.00)  
8 shall pay to the Insurance Commissioner under this section a tax for  
9 such year in the amount of Fifty Thousand Dollars (\$50,000.00). For  
10 purposes of this subsection, "qualified individual" means a natural  
11 person employed in this state on a regular basis of thirty-five (35)  
12 or more hours per week either by such captive insurance company, or  
13 by a wholly-owned subsidiary of such captive insurance company that  
14 provides captive insurance company management, operating, investment  
15 or related services exclusively to such captive insurance company.

16 I. The tax provided for in this section constitutes all taxes  
17 collectible under the laws of this state from a captive insurance  
18 company or a protected cell of a sponsored captive insurance  
19 company, and no other occupation tax or other taxes may be levied or  
20 collected from a captive insurance company by the state or a county,  
21 city, or municipality within this state, except ad valorem taxes on  
22 real and personal property used in the production of income.

23 J. For the fiscal year beginning July 1, 2020, and for each  
24 fiscal year thereafter, the Insurance Commissioner shall report and

1 disburse all fees and taxes collected pursuant to this section as  
2 follows:

3 1. Of the first Five Hundred Thousand Dollars (\$500,000.00):

4 a. thirty-six percent (36%) to the Oklahoma Firefighters  
5 Pension and Retirement Fund,

6 b. fourteen percent (14%) to the Oklahoma Police Pension  
7 and Retirement System,

8 c. five percent (5%) to the Law Enforcement Retirement  
9 Fund, and

10 d. forty-five percent (45%) to the State Treasury to the  
11 credit of the General Revenue Fund of the state;

12 2. Of the next ~~Two Hundred Fifty Thousand Dollars (\$250,000.00)~~

13 Five Hundred Thousand Dollars (\$500,000.00), one hundred percent  
14 (100%) to the State Insurance Commissioner Revolving Fund to be used  
15 by the Department for the purposes of implementing and administering  
16 the Oklahoma Captive Insurance Company Act and any accompanying  
17 regulations; and

18 3. Of all amounts in excess of ~~Seven Hundred Fifty Thousand~~  
19 ~~Dollars (\$750,000.00)~~ One Million Dollars (\$1,000,000.00):

20 a. thirty-six percent (36%) to the Oklahoma Firefighters  
21 Pension and Retirement Fund,

22 b. fourteen percent (14%) to the Oklahoma Police Pension  
23 and Retirement System,

24

- 1           c.    five percent (5%) to the Law Enforcement Retirement  
2                    Fund,  
3           d.    fifteen percent (15%) to the State Treasury to the  
4                    credit of the General Revenue Fund of the state, and  
5           e.    thirty percent (30%) to the State Insurance  
6                    Commissioner Revolving Fund to be used by the  
7                    Department for the purposes of implementing and  
8                    administering the Oklahoma Captive Insurance Company  
9                    Act and any accompanying regulations.

10           SECTION 7.        AMENDATORY        36 O.S. 2021, Section 6470.24.1,  
11 is amended to read as follows:

12           Section 6470.24.1.   A.   No captive insurance company shall  
13 voluntarily take any of the following actions without providing the  
14 Insurance Commissioner at least thirty (30) days prior written  
15 notice and receiving the Insurance Commissioner's approval of any  
16 such action:

- 17           1.    The dissolution of the captive insurance company;  
18           2.    A sale, exchange, lease, mortgage, assignment, pledge or  
19 other transfer of or granting of a security interest in, all or  
20 substantially all of the assets of the captive insurance company;  
21           3.    Incurring a material indebtedness by the captive insurance  
22 company;  
23           4.    Any making of a material loan or other material extension of  
24 credit by the captive insurance company;

1 5. Any material payment out of capital and surplus;

2 6. Any merger or consolidation to which the captive insurance  
3 company is a constituent party;

4 7. Any conversion of the captive insurance company to another  
5 business form;

6 8. Any transfer to or domestication in any jurisdiction by the  
7 captive insurance company; ~~or~~

8 9. Any amendment of the business plan or other organizational  
9 documents of the captive insurance company; or

10 10. Any merger or acquisition in which there is a change in  
11 control of a captive insurance company.

12 B. For purposes of this section, ~~7:~~

13 1. ~~"material"~~ "Material", in relation to financial matters,  
14 means any transaction or series of related transactions involving  
15 more than the lesser of five percent (5%) of the captive insurance  
16 company's assets or twenty-five percent (25%) of its capital and  
17 surplus; ~~;~~

18 2. "Assets" and "capital and surplus" shall be measured as of  
19 the most recent filed report required by Section 6470.11 of ~~Title 36~~  
20 ~~of the Oklahoma Statutes~~ this title;

21 3. "Acquisition" shall have the same meaning as set forth in  
22 Section 1634 of this title; and

23 4. "Control" shall have the same meaning as set forth in  
24 Section 1631 of this title.

1 SECTION 8. AMENDATORY 36 O.S. 2021, Section 6470.29, is  
2 amended to read as follows:

3 Section 6470.29. A. In addition to the provisions of Sections  
4 6470.1 through 6470.28 of this title and the provisions of Sections  
5 6470.29 through 6470.31 of this title shall apply to sponsored  
6 captive insurance companies, and the provisions of Section 6470.24.1  
7 of this title shall apply to each protected cell of a sponsored  
8 captive insurance company.

9 B. Supplemental license application materials.

10 In addition to the information required by subsection C of  
11 Section 6470.3 of this title, each applicant sponsored captive  
12 insurance company shall file with the Insurance Commissioner the  
13 following:

14 1. Materials demonstrating to the satisfaction of the Insurance  
15 Commissioner how the applicant will report to the Insurance  
16 Commissioner on, and account for, the loss and expense experience of  
17 each protected cell;

18 2. A statement acknowledging that all financial records of the  
19 sponsored captive insurance company, including records pertaining to  
20 any protected cells, shall be made available for inspection or  
21 examination by the Insurance Commissioner or the Insurance  
22 Commissioner's designated agent;

23 3. All contracts or sample contracts between the sponsored  
24 captive insurance company and any participants; and

1 4. Evidence that expenses shall be allocated to each protected  
2 cell in a fair and equitable manner.

3 C. Captive insurance companies shall establish and maintain  
4 administrative and accounting procedures necessary to properly  
5 identify the one or more protected cells of the sponsored captive  
6 insurance company and the protected cell assets and protected cell  
7 liabilities attributable to the protected cells. The governing  
8 persons of a sponsored captive insurance company shall keep  
9 protected cell assets and protected cell liabilities separate by  
10 adopting administrative and accounting procedures so they:

11 1. Are separate and separately identifiable from the assets and  
12 liabilities of the sponsored captive insurance company's general  
13 assets; and

14 2. Are attributable to one protected cell and are separately  
15 identifiable from protected cell assets and protected cell  
16 liabilities attributable to other protected cells.

17 D. One or more sponsors may form a sponsored captive insurance  
18 company under the Oklahoma Captive Insurance Company Act.

19 ~~D.~~ E. A sponsored captive insurance company formed or licensed  
20 under the Oklahoma Captive Insurance Company Act may establish and  
21 maintain one or more protected cells to insure risks of one or more  
22 participants, subject to the following conditions:

23 1. The persons holding the voting interests of a sponsored  
24 captive insurance company must be limited to its participants and

1 sponsors; provided, that a sponsored captive insurance company may  
2 issue nonvoting securities or interests to other persons on terms  
3 approved by the Insurance Commissioner;

4       2. Each protected cell must be accounted for separately on the  
5 books and records of the sponsored captive insurance company to  
6 reflect the financial condition and results of operations of the  
7 protected cell, net income or loss, dividends or other distributions  
8 to participants, and other factors may be provided in the  
9 participant contract or required by the Insurance Commissioner.  
10 Records maintained for a protected cell shall reasonably identify  
11 its assets and liabilities, including by specific listing, category,  
12 type, quantity, computational or allocational formula or procedure  
13 (including a percentage or share of any asset or assets), or by any  
14 other method where the identity of such assets is objectively  
15 determinable. Such records will be deemed to account for the assets  
16 and liabilities associated with such cell separately and distinct  
17 from the other assets and liabilities of the sponsored captive  
18 insurance company or any other cell;

19       3. The assets of a protected cell must not be chargeable with  
20 liabilities of any other protected cell or, ~~unless otherwise agreed~~  
21 ~~in the applicable participant contract,~~ of the sponsored captive  
22 insurance company;

23       4. No sale, exchange, or other transfer of assets, or dividend  
24 or other distribution, may be made with respect to a protected cell

1 by the sponsored captive insurance company without the consent of  
2 the participants of each affected protected cell and the written  
3 approval of the Insurance Commissioner;

4 5. No sale, exchange, transfer of assets, dividend, or  
5 distribution, other than a payment to a sponsor in accordance with  
6 the applicable participant contract, may be made from a protected  
7 cell to a sponsor or participant without the written approval of the  
8 Insurance Commissioner and in no event may the approval be given if  
9 the sale, exchange, transfer, dividend, or distribution would result  
10 in insolvency or impairment with respect to a protected cell;

11 6. A sponsored captive insurance company annually shall file  
12 with the Insurance Commissioner financial reports the Insurance  
13 Commissioner requires, which shall include, but are not limited to,  
14 accounting statements detailing the financial experience of each  
15 protected cell;

16 7. A sponsored captive insurance company shall notify the  
17 Insurance Commissioner in writing within ten (10) business days of a  
18 protected cell that is insolvent or otherwise unable to meet its  
19 claim or expense obligations; ~~and~~

20 8. No participant contract shall take effect without the prior  
21 written approval of the Insurance Commissioner, and the addition of  
22 each new protected cell and withdrawal of any participant or  
23 termination of any existing protected cell constitutes a change in  
24

1 the business plan of the sponsored captive insurance company  
2 requiring the prior written approval of the Insurance Commissioner;

3 9. A participant contract shall clearly indicate that only the  
4 protected cell assets are available for the satisfaction of  
5 protected cell liabilities;

6 10. A participant contract shall identify a protected cell by  
7 its own distinct name or designation that includes the words  
8 "protected cell"; and

9 11. All contracts executed by a sponsored captive insurance  
10 company of which a protected cell is a part shall identify the  
11 protected cell as "protected cell".

12 F. The remedy of tracing is applicable to protected cell assets  
13 when commingled with protected cell assets of other protected cells  
14 or the assets of the sponsored captive insurance company's general  
15 assets. The remedy of tracing shall not be construed as an  
16 exclusive remedy.

17 G. The creation of a protected cell shall not create, with  
18 respect to that protected cell, a legal person separate from the  
19 sponsored captive insurance company unless the protected cell is an  
20 entity-protected cell. For clarity, an entity-protected cell is a  
21 protected cell and remains a part of the sponsored captive insurance  
22 company.

23

24

1 SECTION 9. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 6470.29.1 of Title 36, unless  
3 there is created a duplication in numbering, reads as follows:

4 A. Subject to the prior written approval of the Insurance  
5 Commissioner, upon application of the sponsor and with the prior  
6 consent of each participant of the affected protected cells or as  
7 otherwise permitted pursuant to a participant contract, a sponsored  
8 captive insurance company may convert one or more protected cells  
9 into a:

- 10 1. Single protected cell or entity-protected cell;
- 11 2. New sponsored captive insurance company;
- 12 3. New pure captive insurance company;
- 13 4. New risk retention group;
- 14 5. New agency captive insurance company;
- 15 6. New industrial insured captive insurance company;
- 16 7. New association captive insurance company;
- 17 8. Captive insurance company organized as a reciprocal insurer;
- 18 or
- 19 9. Series captive insurance company.

20 B. Any such conversion requires providing the Insurance  
21 Commissioner at least thirty (30) days' prior written notice, as  
22 well as submitting a business plan to be approved by the Insurance  
23 Commissioner, without affecting any protected cell's assets, rights,  
24 benefits, obligations, and liabilities.

1 C. Any such conversion shall be deemed for all purposes to be a  
2 continuation of each such protected cell's existence together with  
3 all of its assets, rights, benefits, obligations, and liabilities,  
4 as a new protected cell, a sponsored captive insurance company, a  
5 pure captive insurance company, a risk retention group, an  
6 industrial insured captive insurance company, an association captive  
7 insurance company, or captive insurance company formed as a  
8 reciprocal insurer.

9 D. Any such conversion shall be deemed to occur without any  
10 transfer or assignment of any such assets, rights, benefits,  
11 obligations, or liabilities and without the creation of any  
12 reversionary interest in, or impairment of, any such assets, rights,  
13 benefits, obligations, and liabilities.

14 E. Any such conversion shall not be construed to limit any  
15 rights or protections applicable to any converted protected cell and  
16 such sponsored captive insurance company that existed immediately  
17 prior to the date of any such conversion.

18 F. Any protected cell converting into an entity-protected cell  
19 pursuant to this act, or converting into a new captive insurance  
20 company or risk retention group pursuant to this section, shall  
21 perform such conversion in accordance with:

22 1. The provisions of the Oklahoma General Corporation Act,  
23 Section 1001 et seq. of Title 18 of the Oklahoma Statutes, if the  
24 converted captive insurance company is to be a corporation;

1           2. The provisions of the Oklahoma Limited Liability Company  
2 Act, Section 2000 et seq. of Title 18 of the Oklahoma Statutes, if  
3 the converted captive insurance company is to be a limited liability  
4 company; or

5           3. The provisions applicable to any other type of entity  
6 permissible under Oklahoma law if the converted captive insurance  
7 company is to be such an entity.

8           SECTION 10.           NEW LAW           A new section of law to be codified  
9 in the Oklahoma Statutes as Section 6470.29.2 of Title 36, unless  
10 there is created a duplication in numbering, reads as follows:

11           A. Subject to the prior written approval of the Insurance  
12 Commissioner, upon application of the sponsor and with the prior  
13 consent of each participant of the affected protected cell or as  
14 otherwise permitted pursuant to a participant contract, a sponsored  
15 captive insurance company may sell, transfer, assign, and otherwise  
16 convey a protected cell together with all of the protected cell's  
17 assets, rights, benefits, obligations, and liabilities to a new or  
18 existing sponsored captive insurance company, pursuant to a business  
19 plan approved by the Insurance Commissioner.

20           B. Any such sale, transfer, assignment, or conveyance shall be  
21 deemed for all purposes to be a continuation of the protected cell's  
22 existence together with all its assets, rights, benefits,  
23 obligations, and liabilities, as a protected cell of the transferee.

24

1 C. Any such sale, transfer, assignment, or conveyance shall not  
2 be construed to limit any rights or protections applicable to the  
3 transferred protected cell and the transferor sponsored captive  
4 insurance company, that existed immediately prior to any such sale,  
5 transfer, assignment, or conveyance.

6 D. Any such sale, transfer, assignment, or conveyance requires  
7 providing the Commissioner at least thirty (30) days' prior written  
8 notice.

9 SECTION 11. NEW LAW A new section of law to be codified  
10 in the Oklahoma Statutes as Section 6470.29.3 of Title 36, unless  
11 there is created a duplication in numbering, reads as follows:

12 A. Subject to the prior written approval of the Insurance  
13 Commissioner, a captive insurance company domiciled in this state  
14 and organized as an agency captive insurance company, association  
15 captive insurance company, industrial insured captive insurance  
16 company, pure captive insurance company, risk retention group,  
17 series captive insurance company, or captive insurance company  
18 formed as a reciprocal insurer may be converted into a protected  
19 cell.

20 B. Any such conversion shall be subject to a business plan  
21 approved by the Insurance Commissioner, without affecting the  
22 converted captive insurance company's assets, rights, benefits,  
23 obligations, or liabilities.

24

1 C. Any such conversion shall be deemed for all purposes to be a  
2 continuation of such converted captive insurance company's existence  
3 together with all of its assets, rights, benefits, obligations, and  
4 liabilities as a new protected cell.

5 D. Any such conversion shall be deemed to occur without any  
6 transfer or assignment of any such assets, rights, benefits,  
7 obligations, or liabilities and without the creation of any  
8 reversionary interest in, or impairment of, any such assets, rights,  
9 benefits, obligations, and liabilities.

10 E. Any such conversion shall not be construed to limit any  
11 rights or protections applicable to any converted captive insurance  
12 company under this act that existed immediately prior to the date of  
13 such conversion.

14 F. Any captive insurance company converting into a protected  
15 cell pursuant to this section shall perform such conversion in  
16 accordance with:

17 1. The provisions of the Oklahoma General Corporation Act,  
18 Section 1001 et seq. of Title 18 of the Oklahoma Statutes, if the  
19 converted captive insurance company was a corporation;

20 2. The provisions of the Oklahoma Limited Liability Company  
21 Act, Section 2000 et seq. of Title 18 of the Oklahoma Statutes, if  
22 the converted captive insurance company was a limited liability  
23 company; or  
24

1 3. The provisions applicable to any other type of entity  
2 permissible under Oklahoma law if the converted entity was such an  
3 entity.

4 SECTION 12. NEW LAW A new section of law to be codified  
5 in the Oklahoma Statutes as Section 6470.29.4 of Title 36, unless  
6 there is created a duplication in numbering, reads as follows:

7 A. Subject to the prior written approval of the Insurance  
8 Commissioner, on application of the sponsor and with the prior  
9 consent of each participant of the affected protected cells or as  
10 otherwise permitted pursuant to a participant contract, a sponsored  
11 captive insurance company may merge one or more protected cells into  
12 a:

- 13 1. Single protected cell or entity-protected cell;
- 14 2. New sponsored captive insurance company;
- 15 3. New pure captive insurance company;
- 16 4. New risk retention group;
- 17 5. New agency captive insurance company;
- 18 6. New industrial insured captive insurance company;
- 19 7. New association captive insurance company;
- 20 8. Captive insurance company organized as a reciprocal insurer;

21 or

- 22 9. Series captive insurance company.

23 B. Any such merger requires providing the Insurance  
24 Commissioner at least thirty (30) days' prior written notice, as

1 well as submitting a business plan to be approved by the Insurance  
2 Commissioner, without affecting any protected cell's assets, rights,  
3 benefits, obligations, and liabilities.

4 C. Any such merger shall be deemed for all purposes to be a  
5 continuation of each such protected cell's existence together with  
6 all of its assets, rights, benefits, obligations, and liabilities,  
7 as a new protected cell, a sponsored captive insurance company, a  
8 pure captive insurance company, a risk retention group, an  
9 industrial insured captive insurance company, an association captive  
10 insurance company, or captive insurance company formed as a  
11 reciprocal insurer.

12 D. Any such merger shall be deemed to occur without any  
13 transfer or assignment of any such assets, rights, benefits,  
14 obligations, or liabilities and without the creation of any  
15 reversionary interest in, or impairment of, any such assets, rights,  
16 benefits, obligations, and liabilities.

17 E. Any such merger shall not be construed to limit any rights  
18 or protections applicable to any merged protected cell and such  
19 sponsored captive insurance company, that existed immediately prior  
20 to the date of any such merger.

21 F. Any protected cell merging into an entity-protected cell  
22 pursuant to this act, or merging into a captive insurance company or  
23 risk retention group pursuant to this section, shall perform such  
24 merger in accordance with:

1           1. The provisions of the Oklahoma General Corporation Act,  
2 Section 1001 et seq. of Title 18 of the Oklahoma Statutes, if the  
3 merged captive insurance company is to be a corporation;

4           2. The provisions of the Oklahoma Limited Liability Company  
5 Act, Section 2000 et seq. of Title 18 of the Oklahoma Statutes, if  
6 the merged captive insurance company is to be a limited liability  
7 company; or

8           3. The provisions applicable to any other type of entity  
9 permissible under Oklahoma law if the merged captive insurance  
10 company is to be such an entity.

11           SECTION 13.       NEW LAW       A new section of law to be codified  
12 in the Oklahoma Statutes as Section 6470.29.5 of Title 36, unless  
13 there is created a duplication in numbering, reads as follows:

14           A. Protected cell assets are available only to the creditors of  
15 the sponsored captive insurance company who are creditors in respect  
16 of that protected cell and entitled, in conformity with the  
17 provisions of this act, to have recourse to the protected cell  
18 assets attributable to that protected cell.

19           B. Protected cell assets shall be absolutely protected from the  
20 creditors of the sponsored captive insurance company who are not  
21 creditors in respect of that protected cell and who, accordingly,  
22 are not entitled to have recourse to the protected cell assets  
23 attributable to that protected cell.

1 C. Creditors with respect to a protected cell shall not be  
2 entitled to have recourse against the protected cell assets of other  
3 protected cells or the assets of the sponsored captive insurance  
4 company's general assets.

5 D. When an obligation of a sponsored captive insurance company  
6 to a person arises from a transaction, or is otherwise imposed, in  
7 respect of a protected cell:

8 1. That obligation of the sponsored captive insurance company  
9 shall extend only to the protected cell assets attributable to that  
10 protected cell, and the person shall, in respect of that obligation,  
11 be entitled to have recourse only to the protected cell assets  
12 attributable to that protected cell; and

13 2. That obligation of the sponsored captive insurance company  
14 shall not extend to the protected cell assets of any other protected  
15 cell or the assets of the company's general assets, and that person  
16 shall not, in respect of that obligation, be entitled to have  
17 recourse to the protected cell assets of any other protected cell or  
18 the assets of the company's general assets.

19 E. When an obligation of a sponsored captive insurance company  
20 relates solely to the general assets, the obligation of the  
21 sponsored captive insurance company shall extend only to, and that  
22 creditor shall, in respect of that obligation, be entitled to have  
23 recourse only to, the assets of the sponsored captive insurance  
24 company's general assets.

1 F. In no event shall the establishment of one or more protected  
2 cells alone constitute or be deemed to be a fraudulent conveyance,  
3 an intent by the sponsored captive insurance company to defraud  
4 creditors, or the carrying out of business by the sponsored captive  
5 insurance company for any other fraudulent purpose.

6 SECTION 14. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 6470.29.6 of Title 36, unless  
8 there is created a duplication in numbering, reads as follows:

9 A. The pleadings in any legal action brought by or against a  
10 sponsored captive insurance company shall specify which protected  
11 cell or cells are or should be named a party to the suit. If the  
12 general assets are identified in the pleading, it likewise shall be  
13 separately identified in the pleadings as if it were a protected  
14 cell.

15 B. A legal action brought against a sponsored captive insurance  
16 company that does not specify one or more protected cells shall be  
17 deemed to have been brought against the general assets only.

18 C. Any protected cell that is not named in the pleadings of the  
19 legal action shall not be deemed to be a party to the legal action.  
20 Any protected cell that is erroneously named as a party or named  
21 without proper cause shall be entitled to prompt dismissal from the  
22 legal action.

23 D. No protected cell has a duty to defend the rights and  
24 obligations of any other protected cell.

1 E. In any legal action involving a sponsored captive insurance  
2 company or a protected cell, any papers, documents, or property of a  
3 nonparty protected cell shall be afforded the same status during  
4 discovery as the documents or property of any other unrelated third  
5 party. A nonparty protected cell shall have standing to appear and  
6 petition for any appropriate relief to protect the confidentiality  
7 of its papers or documents.

8 SECTION 15. NEW LAW A new section of law to be codified  
9 in the Oklahoma Statutes as Section 6470.29.7 of Title 36, unless  
10 there is created a duplication in numbering, reads as follows:

11 A. In connection with the rehabilitation or liquidation of a  
12 sponsored captive insurance company, the assets and liabilities of a  
13 protected cell shall, to the extent the receiver determines they are  
14 separable, at all times be kept separate from, and shall not be  
15 commingled with, those of other protected cells and the sponsored  
16 captive insurance company.

17 B. Upon any order of rehabilitation or liquidation of a  
18 sponsored captive insurance company, the receiver shall manage the  
19 assets and liabilities of the protected cell captive insurance  
20 company pursuant to this section:

21 1. The assets of a protected cell may not be used to pay any  
22 expenses or claims other than those attributable to such protected  
23 cell;

24 2. A sponsored captive insurance company's capital and surplus

1 shall at all times be available to pay any expenses of or claims  
2 against the sponsored captive insurance company;

3 3. In the event of an insolvency of a sponsored captive  
4 insurance company where the receiver determines that one or more  
5 protected cells remain solvent, the receiver may separate such cells  
6 from the sponsored captive insurance company, and may allow, on  
7 application of the sponsor, for the conversion of such protected  
8 cells into one or more new or existing sponsored captive insurance  
9 companies with a sponsor or sponsors, or one or more other captive  
10 insurance companies, pursuant to such plan or plans of operation as  
11 the Insurance Commissioner deems acceptable; and

12 4. In the event of an insolvency of one or more protected cells  
13 of a sponsored captive insurance company, the receiver may separate  
14 such cell or cells from the sponsored captive insurance company and  
15 may allow for the conversion of such protected cell or cells into  
16 one or more new or existing sponsored captive insurance companies,  
17 or one or more other captive insurance companies, pursuant to a plan  
18 or plans of operation approved by the Insurance Commissioner.

19 C. Unless the sponsor consents and the Insurance Commissioner  
20 has granted prior written approval, the assets of the sponsored  
21 captive insurance company's general assets shall not be used to pay  
22 any expenses or claims attributable solely to a protected cell or  
23 protected cells of the sponsored captive insurance company. In the  
24 event that the assets of the sponsored captive insurance company's

1 general assets are used to pay expenses or claims attributable  
2 solely to a protected cell or protected cells of the sponsored  
3 captive insurance company, the sponsor is not required to contribute  
4 additional capital and surplus to the sponsored captive insurance  
5 company's general assets, notwithstanding the provisions of Section  
6 6470.6 of Title 36 of the Oklahoma Statutes.

7 SECTION 16. AMENDATORY 36 O.S. 2021, Section 6470.35, as  
8 amended by Section 10, Chapter 154, O.S.L. 2022 (36 O.S. Supp. 2025,  
9 Section 6470.35), is amended to read as follows:

10 Section 6470.35. A. As used in this ~~section~~ act, "dormant  
11 captive insurance company" means a captive insurance company that  
12 has:

13 1. Ceased transacting the business of insurance including the  
14 issuance of insurance policies; and

15 2. No remaining liabilities associated with insurance business  
16 transactions or insurance policies issued prior to the filing of its  
17 application for a certificate of dormancy under this section.

18 B. A dormant captive insurance company domiciled in this state  
19 that meets the criteria of subsection A of this section may apply to  
20 the Insurance Commissioner for a certificate of dormancy. The  
21 certificate of dormancy shall be subject to renewal every five (5)  
22 years and shall be forfeited if not renewed within such time.

23 C. A dormant captive insurance company that has been issued a  
24 certificate of dormancy shall:

1 1. Possess and thereafter maintain unimpaired, paid-in capital  
2 and surplus, in a form approved by the Commissioner, of not less  
3 than ~~Twenty five Thousand Dollars (\$25,000.00)~~ Ten Thousand Dollars  
4 (\$10,000.00);

5 2. Submit on or before March 1 of each year to the Insurance  
6 Commissioner a report of its financial condition, verified by an  
7 oath of two of its executive officers, in ~~a~~ the manner and form  
8 prescribed by the Insurance Commissioner; and

9 3. Pay a nonrefundable annual fee of ~~Five Hundred Dollars~~  
10 ~~(\$500.00)~~ Three Hundred Dollars (\$300.00).

11 D. A dormant captive insurance company shall not be subject to  
12 or liable for the payment of any tax under Section ~~6470~~ 6470.19 of  
13 this title for the initial five-year dormancy.

14 E. A dormant captive insurance company shall apply to the  
15 Insurance Commissioner, in the manner and form prescribed by the  
16 Commissioner, for approval to surrender its certificate of dormancy  
17 and resume conducting the business of insurance prior to issuing any  
18 insurance policies.

19 F. A certificate of dormancy shall be revoked if a dormant  
20 captive insurance company no longer meets the criteria of subsection  
21 A of this section.

22 G. A dormant captive insurance company may be subject to  
23 examination under Section 6470.13 of this title for any year when it  
24 did not qualify as a dormant captive insurance company. The

1 Insurance Commissioner may examine a dormant captive insurance  
2 company pursuant to Section 6470.13 of this title.

3 H. The Insurance Commissioner may promulgate and adopt rules  
4 and regulations implementing the provisions of this section.

5 SECTION 17. NEW LAW A new section of law to be codified  
6 in the Oklahoma Statutes as Section 6470.36 of Title 36, unless  
7 there is created a duplication in numbering, reads as follows:

8 A. For purposes of this section:

9 1. "Foreign" means outside the United States, its territories,  
10 or possessions;

11 2. "Foreign currency" means currency issued by a government  
12 outside the United States that is recognized by the United States as  
13 a legitimate government-issued currency and freely exchangeable with  
14 United States currency; and

15 3. "Foreign securities" means securities that are ordinarily  
16 traded on an exchange outside the United States.

17 B. A captive insurance company or an individual cell of a  
18 captive insurance company may, with the approval of the Insurance  
19 Commissioner, include within its business plan that the company  
20 will:

21 1. Receive payments of premium in a specified foreign currency  
22 or foreign securities and will pay claims on insured losses in a  
23 specified currency or foreign securities;

24

1           2. Authorize the payment of claims in a specified foreign  
2 currency or foreign securities; and

3           3. Hold foreign currency or foreign securities as surplus for  
4 the payment of future claims.

5           C. In determining the exchange rate between United States  
6 currency and the foreign currency or foreign securities, the captive  
7 insurance company shall identify in its approved business plan a  
8 publicly available and reliable exchange rate index. If the  
9 exchange rate index identified in the business plan is not  
10 available, then the Insurance Commissioner shall determine the  
11 appropriate exchange rate for the purpose of calculating the amount  
12 of premium tax due.

13           D. For the purpose of calculating the amount of premium tax due  
14 under this act, a policy issued by a captive insurance company  
15 payable in foreign currency or foreign securities is deemed to be of  
16 an equivalent value in United States currency as of the date that  
17 coverage is bound and is payable in United States currency when due  
18 under this act.

19           E. For captive insurance companies and protected cells that  
20 have received permission pursuant to subsection B of this section,  
21 all reports required to be filed with captive premium tax payments  
22 shall be converted to United States currency for the reporting  
23 period covered by the annual report.

24

1 SECTION 18. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 6470.37 of Title 36, unless  
3 there is created a duplication in numbering, reads as follows:

4 Any public body may expend public funds to capitalize a captive  
5 insurance company or to provide guaranty capital in a mutual captive  
6 insurance company for the purpose of forming and operating a captive  
7 insurance company for the benefit of the public body.

8 SECTION 19. REPEALER 36 O.S. 2021, Section 6470.28, is  
9 hereby repealed.

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

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