

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 POLICY
4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2955

By: Blair

7
8 PROPOSED POLICY 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 office, department, board, bureau,
16 commission, agency, trusteeship, authority, council, committee,
17 trust or any entity created by a trust, county, city, village, town,
18 township, district, school district, or fair board. Notwithstanding
19 any other provision of Oklahoma law, public bodies may form captive
20 insurance companies in this state;

21 ~~22.~~ 25. "Pure captive insurance company" means a company that
22 insures risks of its parent, affiliated companies of its parent, and
23 any controlled unaffiliated business, or a combination thereof. For
24

1 purposes of this paragraph, "controlled unaffiliated business" means
2 an entity insured by a pure captive insurance company:

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

9 ~~23.~~ 26. "Reciprocal insurer" has the meaning given that term in
10 Article 29 of the Oklahoma Insurance Code;

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

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

18 ~~26.~~ 29. "Series captive insurance company" means a series which
19 has received a certificate of authority pursuant to this act;

20 ~~27.~~ 30. "Special purpose captive insurance company" means a
21 captive insurance company that is formed or licensed under the
22 Oklahoma Captive Insurance Company Act that does not meet the
23 definition of any other type of captive insurance company defined in
24

1 this section and is designated as a special purpose captive
2 insurance company by the Insurance Commissioner;

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

8 ~~29.~~ 32. "Sponsored captive insurance company" means a captive
9 insurance company:

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

22 ~~30.~~ 32. "Workers' compensation insurance" means insurance
23 provided in satisfaction of an employer's responsibility as set
24

1 | forth in the Administrative Workers' Compensation Act and the
2 | Oklahoma Employee Injury Benefit Act.

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

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

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

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

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

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

24 |

1 5. A captive insurance company may not provide personal motor
2 vehicle or homeowner's insurance coverage or any component of these
3 coverages;

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

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

16 B. To conduct insurance business in this state, a captive
17 insurance company shall:

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

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

22 3. Appoint a resident registered agent to accept service of
23 process and to otherwise act on its behalf in this state. Whenever
24 the registered agent cannot with reasonable diligence be found at

1 the registered office of the captive insurance company, the
2 Insurance Commissioner shall be deemed an agent of the captive
3 insurance company upon whom any process, notice, or demand, other
4 than a subpoena, may be served. Service upon the Insurance
5 Commissioner shall be in accordance with Section 622 of this title.

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

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

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

1 proposed captive insurance company will be able to
2 meet its obligations.

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

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

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

15 (2) the information sought is unavailable from other
16 nonconfidential sources, and

17 (3) a subpoena issued by a judicial or administrative
18 officer of competent jurisdiction has been
19 submitted to the Insurance Commissioner; however,
20 the provisions of this paragraph do not apply to
21 an industrial insured captive insurance company
22 insuring the risks of an industrial insured
23 group, and
24

1 b. the Insurance Commissioner may disclose the
2 information to a public officer having jurisdiction
3 over the regulation of insurance in another state or
4 to the National Association of Insurance Commissioners
5 if:

6 (1) the ~~public official~~ receiving party agrees in
7 writing to maintain the confidentiality of the
8 information, ~~and~~ or

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

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

1 E. If the Insurance Commissioner is satisfied that the
2 documents and statements filed by the captive insurance company
3 comply with the provisions of the Oklahoma Captive Insurance Company
4 Act, the Insurance Commissioner may grant a license authorizing the
5 company to do insurance business in this state until the succeeding
6 March 1 at which time the license may be renewed.

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

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

20 3. The Insurance Commissioner may by order limit the authority
21 of any provisional licensee in any way deemed necessary to protect
22 insureds and the public. The Insurance Commissioner may by order
23 revoke a provisional license if the interests of insureds or the
24 public are endangered. If the applicant fails to complete the

1 regular licensure application process, the provisional license shall
2 terminate automatically.

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

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

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

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

23
24

1 2. In the case of an association captive insurance company
2 incorporated as a stock insurer, not less than Seven Hundred Fifty
3 Thousand Dollars (\$750,000.00);

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

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

13 5. In the case of any captive insurance company doing business
14 as a risk retention group, not less than One Million Dollars
15 (\$1,000,000.00); and

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

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

1 8. The unimpaired paid-in capital may be in the form of cash,
2 cash equivalent, or an irrevocable letter of credit issued by a bank
3 chartered by this state or a member bank of the Federal Reserve
4 System, or other financial institution approved by the Insurance
5 Commissioner. The issuing bank shall be approved by the Insurance
6 Commissioner.

7 B. The Insurance Commissioner may prescribe additional capital
8 and surplus based upon the type, volume, and nature of insurance
9 business transacted.

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

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

1 of capital or surplus in excess of amounts specified by, or
2 determined in accordance with formulas approved by, the Insurance
3 Commissioner.

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

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

12 B. An association captive insurance company, industrial insured
13 captive insurance company or special purpose captive insurance
14 company may be organized as a reciprocal insurer.

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

20 1. The character, reputation, financial standing, and purposes
21 of the principals, owners or other persons who will direct or
22 control the affairs of the captive ~~insurer~~ Insurance Company;

23
24

1 2. The character, reputation, financial responsibility,
2 insurance experience, and business qualifications of the officers
3 and directors; and

4 3. Other aspects as the Insurance Commissioner considers
5 advisable.

6 D. In the case of a captive insurance company licensed as a
7 branch captive insurance company, the findings required in
8 subsection C above shall be in respect to the alien captive
9 insurance company.

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

21 2. A captive insurance company, formed or licensed under the
22 Oklahoma Captive Insurance Company Act, has the privileges and is
23 subject to the provisions of Oklahoma law as well as the applicable
24 provisions contained in the Oklahoma Captive Insurance Company Act.

1 If a conflict occurs between a provision of the general law of
2 Oklahoma and a provision of the Oklahoma Captive Insurance Company
3 Act, the latter controls. No provision of the Oklahoma Insurance
4 Code, other than those contained in this act or otherwise
5 specifically referencing such companies, shall apply to captive
6 insurance companies.

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

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

1 regulation of insurance in any other state or country, or to law
2 enforcement officers of this state or any other state or agency of
3 the federal government at any time, so long as the officers
4 receiving the information agree in writing to use and retain it in
5 any manner consistent with this section.

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

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

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

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

- 1 1. Insolvency or impairment of capital and surplus;
- 2 2. Failure to meet the requirements of Section 6470.6 of this
3 title;
- 4 3. Refusal or failure to submit an annual report, as required
5 by Section 6470.11 of this title, or any other report or statement
6 required by law or by lawful order of the Insurance Commissioner;
- 7 4. Failure to comply with its own charter, bylaws, business
8 plan, or other organizational document;
- 9 5. Failure to pay any tax or fee, or submit to examination or
10 any legal obligation relative to an examination, as required by this
11 section;
- 12 6. Refusal or failure to pay the cost of examination;
- 13 7. Failure to timely and adequately respond to an inquiry from
14 the Insurance Commissioner in accordance with Section 6470.3 of this
15 title;
- 16 8. Use of methods that, although not otherwise specifically
17 prohibited by law, nevertheless render its operation detrimental or
18 its condition unsound with respect to the public or to its
19 policyholders; or
- 20 ~~8.~~ 9. Failure otherwise to comply with laws of this state.
- 21 B. If the Insurance Commissioner finds, upon examination,
22 hearing, or other evidence, that a captive insurance company has
23 committed any of the acts specified in subsection A of this section,
24 the Insurance Commissioner may suspend or revoke such license if the

1 Insurance Commissioner considers it in the best interest of the
2 public and the policyholders of the captive insurance company.

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

9 D. In addition to or in lieu of any applicable revocation or
10 suspension of the license, the Insurance Commissioner may fine any
11 captive insurance company that fails to timely file an annual
12 financial statement, audit, actuarial opinion, or premium tax return
13 in an amount of not more than Five Hundred Dollars (\$500.00) per
14 each day of delay. The maximum penalty under this subsection shall
15 be One Hundred Thousand Dollars (\$100,000.00).

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

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

1 after deducting from the direct premiums subject to the tax the
2 amounts paid to policyholders as return premiums which shall include
3 dividends on unabsorbed premiums or premium deposits returned or
4 credited to policyholders up to a maximum tax for such year of One
5 Hundred Thousand Dollars (\$100,000.00); provided however, that no
6 tax shall be due or payable as to consideration received for annuity
7 contracts.

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

22 C. A sponsored captive insurance company shall pay to the
23 Department, by March 1 of each year, a tax on direct and assumed
24

1 premiums equal, in the aggregate, to the minimum tax provided in
2 subsection D of this section.

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

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

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

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

1 G. As used in this section, "common ownership and control"
2 means the direct ~~or indirect~~ ownership of eighty percent (80%) or
3 more of the outstanding voting stock ~~or other voting interests~~ of
4 two or more captive insurance companies ~~or protected cells~~ of a
5 sponsored captive insurance company by the same person ~~or persons~~.

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

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

1 J. For the fiscal year beginning July 1, 2020, and for each
2 fiscal year thereafter, the Insurance Commissioner shall report and
3 disburse all fees and taxes collected pursuant to this section as
4 follows:

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

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

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

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

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

14 2. Of the next ~~Two Hundred Fifty Thousand Dollars (\$250,000.00)~~
15 Five Hundred Thousand Dollars (\$500,000.00), one hundred percent
16 (100%) to the State Insurance Commissioner Revolving Fund to be used
17 by the Department for the purposes of implementing and administering
18 the Oklahoma Captive Insurance Company Act and any accompanying
19 regulations; and

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

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

- 1 b. fourteen percent (14%) to the Oklahoma Police Pension
2 and Retirement System,
3 c. five percent (5%) to the Law Enforcement Retirement
4 Fund,
5 d. fifteen percent (15%) to the State Treasury to the
6 credit of the General Revenue Fund of the state, and
7 e. thirty percent (30%) to the State Insurance
8 Commissioner Revolving Fund to be used by the
9 Department for the purposes of implementing and
10 administering the Oklahoma Captive Insurance Company
11 Act and any accompanying regulations.

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

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

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

- 1 4. Any making of a material loan or other material extension of
2 credit by the captive insurance company;
- 3 5. Any material payment out of capital and surplus;
- 4 6. Any merger or consolidation to which the captive insurance
5 company is a constituent party;
- 6 7. Any conversion of the captive insurance company to another
7 business form;
- 8 8. Any transfer to or domestication in any jurisdiction by the
9 captive insurance company; ~~or~~
- 10 9. Any amendment of the business plan or other organizational
11 documents of the captive insurance company; or
- 12 10. Any merger or acquisition in which there is a change in
13 control of a captive insurance company.

14 B. For purposes of this section, 7:

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

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

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

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

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

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

11 B. Supplemental license application materials.

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

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

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

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

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

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

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

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

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

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

1 1. The persons holding the voting interests of a sponsored
2 captive insurance company must be limited to its participants and
3 sponsors; provided, that a sponsored captive insurance company may
4 issue nonvoting securities or interests to other persons on terms
5 approved by the Insurance Commissioner;

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

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

1 4. No sale, exchange, or other transfer of assets, or dividend
2 or other distribution, may be made with respect to a protected cell
3 by the sponsored captive insurance company without the consent of
4 the participants of each affected protected cell and the written
5 approval of the Insurance Commissioner;

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

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

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

22 8. No participant contract shall take effect without the prior
23 written approval of the Insurance Commissioner, and the addition of
24 each new protected cell and withdrawal of any participant or

1 termination of any existing protected cell constitutes a change in
2 the business plan of the sponsored captive insurance company
3 requiring the prior written approval of the Insurance Commissioner;

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

7 10. A sponsored captive insurance company shall have an auditor
8 annually review how a sponsored captive insurance company segregates
9 assets;

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

13 12. All contracts executed by a sponsored captive insurance
14 company of which a protected cell is a part shall identify the
15 protected cell as "protected cell".

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

21 G. The creation of a protected cell shall not create, with
22 respect to that protected cell, a legal person separate from the
23 sponsored captive insurance company unless the protected cell is an
24 entity-protected cell. For clarity, an entity-protected cell is a

1 protected cell and remains a part of the sponsored captive insurance
2 company.

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

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

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

20 or

- 21 9. Series captive insurance company.

22 B. Any such conversion requires providing the Insurance
23 Commissioner at least thirty (30) days' prior written notice, as
24 well as submitting a business plan to be approved by the Insurance

1 Commissioner, without affecting any protected cell's assets, rights,
2 benefits, obligations, and liabilities.

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

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

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

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

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 converted 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 converted 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 converted captive insurance
10 company is to be such an entity.

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

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

23 B. Any such sale, transfer, assignment, or conveyance shall be
24 deemed for all purposes to be a continuation of the protected cell's

1 existence together with all its assets, rights, benefits,
2 obligations, and liabilities, as a protected cell of the transferee.

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

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

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

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

22 B. Any such conversion shall be subject to a business plan
23 approved by the Insurance Commissioner, without affecting the
24

1 converted captive insurance company's assets, rights, benefits,
2 obligations, or liabilities.

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

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

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

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

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

22 2. The provisions of the Oklahoma Limited Liability Company
23 Act, Section 2000 et seq. of Title 18 of the Oklahoma Statutes, if
24

1 the converted captive insurance company was a limited liability
2 company; or

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

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

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

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

1 B. Any such merger requires providing the Insurance
2 Commissioner at least thirty (30) days' prior written notice, as
3 well as submitting a business plan to be approved by the Insurance
4 Commissioner, without affecting any protected cell's assets, rights,
5 benefits, obligations, and liabilities.

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

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

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

23 F. Any protected cell merging into an entity-protected cell
24 pursuant to this act, or merging into a captive insurance company or

1 risk retention group pursuant to this section, shall perform such
2 merger in accordance with:

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

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

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

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

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

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

24

1 are not entitled to have recourse to the protected cell assets
2 attributable to that protected cell.

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

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

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

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

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

1 recourse only to, the assets of the sponsored captive insurance
2 company's general assets.

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

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

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

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

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

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

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

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

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

19 B. Upon any order of rehabilitation or liquidation of a
20 sponsored captive insurance company, the receiver shall manage the
21 assets and liabilities of the protected cell captive insurance
22 company pursuant to this section:
23
24

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

4 2. A sponsored captive insurance company's capital and surplus
5 shall at all times be available to pay any expenses of or claims
6 against the sponsored captive insurance company;

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

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

23 C. Unless the sponsor consents and the Insurance Commissioner
24 has granted prior written approval, the assets of the sponsored

1 captive insurance company's general assets shall not be used to pay
2 any expenses or claims attributable solely to a protected cell or
3 protected cells of the sponsored captive insurance company. In the
4 event that the assets of the sponsored captive insurance company's
5 general assets are used to pay expenses or claims attributable
6 solely to a protected cell or protected cells of the sponsored
7 captive insurance company, the sponsor is not required to contribute
8 additional capital and surplus to the sponsored captive insurance
9 company's general assets, notwithstanding the provisions of Section
10 6470.6 of Title 36 of the Oklahoma Statutes.

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

14 Section 6470.35. A. As used in this section, "dormant captive
15 insurance company" means a captive insurance company that has:

16 1. Ceased transacting the business of insurance including the
17 issuance of insurance policies; and

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

21 B. A dormant captive insurance company domiciled in this state
22 that meets the criteria of subsection A of this section may apply to
23 the Insurance Commissioner for a certificate of dormancy. The

24

1 certificate of dormancy shall be subject to renewal every five (5)
2 years and shall be forfeited if not renewed within such time.

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

5 1. Possess and thereafter maintain unimpaired, paid-in capital
6 and surplus, in a form approved by the Commissioner, of not less
7 than ~~Twenty-five Thousand Dollars (\$25,000.00)~~ Ten Thousand Dollars
8 (\$10,000.00);

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

13 3. Pay a nonrefundable annual fee of ~~Five Hundred Dollars~~
14 ~~(\$500.00)~~ Three Hundred Dollars (\$300.00).

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

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

23
24

1 F. A certificate of dormancy shall be revoked if a dormant
2 captive insurance company no longer meets the criteria of subsection
3 A of this section.

4 G. A dormant captive insurance company may be subject to
5 examination under Section 6470.13 of this title for any year when it
6 did not qualify as a dormant captive insurance company. The
7 Insurance Commissioner may examine a dormant captive insurance
8 company pursuant to Section 6470.13 of this title.

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

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

14 A. For purposes of this section:

15 1. "Foreign" means outside the United States, its territories,
16 or possessions;

17 2. "Foreign currency" means currency issued by a government
18 outside the United States that is recognized by the United States as
19 a legitimate government-issued currency and freely exchangeable with
20 United States currency; and

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

23 B. A captive insurance company or an individual cell of a
24 captive insurance company may, with the approval of the Insurance

1 Commissioner, include within its business plan that the company
2 will:

3 1. Receive payments of premium in a specified foreign currency
4 or foreign securities and will pay claims on insured losses in a
5 specified currency or foreign securities;

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

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

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

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

24

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

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

9 Any public body may expend public funds to capitalize a captive
10 insurance company or to provide guaranty capital in a mutual captive
11 insurance company for the purpose of forming and operating a captive
12 insurance company.

13 SECTION 19. REPEALER 36 O.S. 2021, Section 6470.28, is
14 hereby repealed.

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

16
17 60-2-16196 MJ 02/09/26
18
19
20
21
22
23
24