

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB3696 _____
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

Adopted: _____

Amendment submitted by: Emily Gise

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. 3696

By: Gise and Fugate

7
8 PROPOSED OVERSIGHT COMMITTEE SUBSTITUTE

9 An Act relating to insurance; amending 36 O.S. 2021,
10 Section 982, which relates to definitions used in the
11 Property and Casualty Competitive Loss Cost Rating
12 Act; providing definitions; amending 36 O.S. 2021,
13 Section 985, which relates to ratemaking standards;
14 establishing that risk classification may not be
15 based on the religion of the insured; amending 36
16 O.S. 2021, Section 986, which relates to rate
17 administration; changing process for rate making;
18 requiring rates to be filed with Insurance
19 Commissioner; establish rates are effective after
20 thirty days unless disapproved by the Commissioner;
21 requiring Commissioner to given written reasons for
22 disapproval; permitting the exchange of certain
23 information and experience data between the
24 Commissioner and insurers or advisory organizations;
prohibiting the exchange of certain information
between insurers; requiring experience data and
statistical information submitted through advisory
organizations to be made publicly available;
clarifying lawful actuarial cooperation is not
prohibited; clarifying price fixing, market
allocation, or other anticompetitive conduct is not
permitted; permitting the Commissioner to refer
activity in violation of state or federal antitrust
law to the Attorney General; directing insurers to
file rates, applicable rating manuals, supplementary
rating information, and such additional information
with the Insurance Commissioner; allowing the
Commissioner to request additional information;
granting the Insurance Commissioner certain

1 rulemaking authority; directing the Commissioner to
2 review filings for consistency with the Property and
3 Casualty Competitive Loss Cost Rating Act; directing
4 the Commissioner to determine insurer market shares
5 using certain data; permitting the Commissioner to
6 adopt reasonable procedures to reduce unnecessary
7 regulatory burden on certain insurers with less than
8 five-percent market share; requiring uniform
9 application; clarifying there is no exemption from
10 compliance with rate standards; establishing that a
11 rate shall become effective unless disapproved by
12 Commissioner in accordance with certain statutory
13 procedures; permitting extension of review period for
14 good cause shown or mutual agreement; permitting
15 communications through the Oklahoma Insurance
16 Department's electronic rate filing system;
17 clarifying a request for additional information is
18 not a disapproval of a filing; authorizing the
19 Commissioner to establish certain procedures and
20 reasonable filing fees; clarifying that Commissioner
21 is not required to hold a hearing unless otherwise
22 required by statute or upon written request of
23 insurer; clarifying Commissioner's authority under
24 the Property and Casualty Competitive Loss Cost
Rating Act is not limited; clarifying applicability
of certain statutory sections is not altered except
as expressly provided; establishing that violation
shall be subject to certain enforcement; establishing
that certain causes of action available under
Oklahoma law are not limited or impaired; repealing
36 O.S. 2021, Section 984, which relates to
presumption of competitive market; repealing 36 O.S.
2021, Section 987, which relates to rate filings;
providing for codification; and providing an
effective date.

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

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

24 Section 982. Definitions.

1 As used in the Property and Casualty Competitive Loss Cost
2 Rating Act:

3 1. "Accepted actuarial standards" means the standards adopted
4 by the Casualty Actuarial Society Statement of Principles regarding
5 property and casualty ratemaking or the Standards of Practice
6 adopted by the Actuarial Standards Board;

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

12 3. "Affiliated insurance group" means an insurance-holding
13 company system consisting of two or more affiliated persons, one or
14 more of which is an insurer, as defined in Section 1631 of Title 36
15 of the Oklahoma Statutes;

16 4. "Classification system" or "classification" means the
17 process of grouping risks with similar risk characteristics so that
18 differences in costs may be recognized;

19 ~~4.~~ 5. "Commercial risk" means any kind of risk that is not a
20 personal risk;

21 ~~5.~~ 6. "Commissioner" means the ~~Commissioner of Insurance of~~
22 ~~this state~~ Oklahoma Insurance Commissioner;

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

1 7. "Developed losses" means losses, including loss adjustment
2 expenses, adjusted using accepted actuarial standards, to eliminate
3 the effect of differences between current payment or reserve
4 estimates and those which are anticipated to provide actual ultimate
5 loss, including loss adjustment expense payments;

6 8. "Excessive" means a rate that is likely to produce a return
7 that is unreasonably high in relation to expected losses, expenses,
8 and a reasonable margin for underwriting profit and contingencies,
9 consistent with accepted actuarial standards and the risks
10 associated with the line of business;

11 9. "Expenses" means that portion of a rate attributable to
12 acquisition, field supervision, collection expenses, general
13 expenses, taxes, licenses and fees;

14 ~~9.~~ 10. "Experience rating" means a rating procedure utilizing
15 past insurance experience of the individual policyholder to forecast
16 future losses by measuring the policyholder's loss experience
17 against the loss experience of policyholders in the same
18 classification to produce a prospective premium credit, debit or
19 unity modification;

20 ~~10.~~ 11. "Fair return" means a profit an investor can reasonably
21 earn from an investment in a business other than insurance subject
22 to regulation under this act presenting investment risks comparable
23 to risks presented by insurance subject to this act;
24

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

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

7 ~~11.~~ 14. "Loss adjustment expense" means the expenses incurred
8 by the insurer in the course of settling claims;

9 ~~12.~~ 15. "Market" means the statewide interaction between buyers
10 and sellers of identical or readily substitutable products that
11 provide insurance protection of identifiable perils to buyers;

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

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

22 ~~15.~~ 17. "Personal risk" means homeowners, tenants, private
23 passenger nonfleet automobiles, manufactured homes and other
24 property and casualty insurance for personal, family or household

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

3 ~~16.~~ 18. "Pool" means a voluntary arrangement, established on an
4 ongoing basis, pursuant to which two or more insurers participate in
5 the sharing of risks on a predetermined basis. The pool may operate
6 through an association, syndicate or other pooling agreement;

7 ~~17.~~ 19. "Prospective loss costs" means historical aggregate
8 losses and may include loss adjustment expenses, including all
9 assessments that are loss based, projected through development to
10 their ultimate value and through trending to a future point in time;

11 ~~18.~~ 20. "Pure premium rate" means that portion of the rate
12 which represents the loss costs per unit of exposure including loss
13 adjustment expense;

14 ~~19.~~ 21. "Rate" or "rates" means that cost of insurance per
15 exposure unit whether expressed as a single number or as a
16 prospective loss cost with an adjustment to account for the
17 treatment of expenses, profit, and individual insurer variation in
18 loss experience, prior to any application of individual risk
19 variations based on loss or expense considerations, and does not
20 include minimum premium;

21 22. "Rate hearing" means a hearing noticed by the Insurance
22 Commissioner on the Commissioner's own motion or in response to a
23 petition for hearing;

24

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

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

10 ~~21.~~ 25. "Special assessments" means guaranty fund assessments,
11 Special Indemnity Fund assessments, Vocational Rehabilitation Fund
12 assessments, and other similar assessments. Special assessments
13 shall not be considered as either expenses or losses;

14 ~~22.~~ 26. "Statistical plan" means the plan, system or
15 arrangement used in collecting data;

16 ~~23.~~ 27. "Supplementary rating information" means any manual or
17 plan of rates, classification, rating schedule, minimum premium,
18 policy fee rating rule and any other information needed to determine
19 the applicable premium in effect or to be in effect. This includes,
20 rating plans, territory codes and descriptions and rules which
21 include factors or relativities such as increased limits factors,
22 deductible discounts or relativities, classification relativities or
23 similar factors used to determine the rate in effect or to be in
24 effect;

1 ~~24.~~ 28. "Supporting information" means the experience and
2 judgment of the filer and the experience or data of other insurers
3 or advisory organizations relied upon by the filer, the
4 interpretation of any other data relied upon by the filer,
5 descriptions of methods used in making the rates and any other
6 information required by the Commissioner to be filed; ~~and~~

7 ~~25.~~ 29. "Trending" means any procedure for projecting losses to
8 the average date of loss, or premiums or exposures to the average
9 date of writing, for the period during which the policies are to be
10 effective; and

11 30. "Witness fee" means recorded or billed costs for a witness,
12 together with associated expenses. Costs and expenses for a witness
13 shall not exceed market rate as defined in this section.

14 SECTION 2. AMENDATORY 36 O.S. 2021, Section 985, is
15 amended to read as follows:

16 Section 985. Ratemaking Standards.

17 A. A rate ~~may not be~~ is excessive, ~~inadequate or unfairly~~
18 ~~discriminatory~~ if it meets the definition of "excessive" set forth
19 in Section 982 of this title.

20 1. ~~No rate in a competitive market may be determined to be~~
21 ~~excessive. A rate in a noncompetitive market may be determined to~~
22 ~~be excessive if it is likely to produce a profit that is~~
23 ~~unreasonably high for the insurance provided.~~

24 ~~2.~~ A rate may not be determined to be inadequate unless:

- 1 a. the rate is clearly insufficient to sustain projected
2 losses, expenses and special assessments, and
3 b. the rate is unreasonably low and use of the rate by
4 the insurer has tended or, if continued, will tend to
5 create a monopoly in the market.

6 ~~3.~~ 2. Unfair discrimination may be determined to exist if,
7 after allowing for practical limitations, price differentials fail
8 to reflect equitably the differences in expected losses and
9 expenses. A rate may not be determined to be unfairly
10 discriminatory because different premiums result for policyholders
11 with like loss exposures but different expense levels, or like
12 expenses but different loss exposures, or if it averaged broadly
13 among persons insured within a group, franchise or blanket policy or
14 a mass-marketed plan. ~~No rate in a competitive market shall be~~
15 ~~considered unfairly discriminatory unless it classifies risk the~~
16 ~~basis of~~ A classification may not be based on race, color, creed, or
17 national origin, or the religion of the insured.

18 B. ~~In determining whether rates in a noncompetitive market are~~
19 ~~excessive, inadequate, or unfairly discriminatory, due consideration~~
20 ~~may be given to:~~

- 21 ~~1. Past and prospective loss experience within and outside this~~
22 ~~state, in accordance with accepted actuarial principles;~~
23 ~~2. Conflagration and catastrophe hazards;~~

1 ~~3. A reasonable margin for underwriting profit and~~
2 ~~contingencies;~~

3 ~~4. Loadings for leveling premium rates over time for dividends,~~
4 ~~savings or unabsorbed premium deposits allowed or returned by~~
5 ~~insurers to their policyholders, members or subscribers;~~

6 ~~5. Past and prospective expenses both countrywide and those~~
7 ~~specially applicable to this state; and~~

8 ~~6. Provisions for special assessments; and to all other~~
9 ~~relevant factors including judgment within and outside this state.~~

10 ~~C. Risks may be grouped by classifications for the~~
11 ~~establishment of rates and minimum premiums. Classification rates~~
12 ~~may be modified to produce rates for individual risks in accordance~~
13 ~~with rating plans which establish standards for measuring variations~~
14 ~~in hazards or expense provisions, or both. Such standards may~~
15 ~~measure any differences among risks that can be demonstrated to have~~
16 ~~a probable effect upon losses or expenses. No risk classification~~
17 ~~however, may be based on race, creed, national origin, or the~~
18 ~~religion of the insured.~~

19 ~~D. The expense provisions included in the rates for use by an~~
20 ~~insurer or group of insurers may differ from those of any other~~
21 ~~insurer or group of insurers to reflect the requirements of the~~
22 ~~operating methods of the insurer or group of insurers.~~

23 ~~E. The rates may contain provision for contingencies and an~~
24 ~~allowance permitting a reasonable profit. In determining the~~

1 ~~reasonableness of the profit, consideration shall be given to the~~
2 ~~investment income attributable to the line of insurance.~~

3 ~~F. Risks may be classified in any way except that no risk may~~
4 ~~be classified on the basis of race, color, creed, or national origin~~

5 A rate is excessive if it meets the definition of excessive in
6 Section 982 of this title.

7 SECTION 3. AMENDATORY 36 O.S. 2021, Section 986, is
8 amended to read as follows:

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

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

22 B. 1. Rates shall be filed with the Commissioner for review
23 and shall become effective thirty (30) days after filing unless
24 disapproved by the Commissioner;

1 2. The Commissioner may disapprove a filing that does not
2 comply with this act. Any disapproval shall be in writing and state
3 the specific grounds for disapproval;

4 3. If a rate is not disapproved within thirty (30) days, the
5 filed rate shall be deemed effective; and

6 4. Nothing in this section shall be construed to establish a
7 system of mandatory prior approval, set or cap rates, or discourage
8 competitive market pricing. The Commissioner shall administer this
9 section to promote market competition, market stability, and the
10 continued availability of coverage in this state. In reviewing
11 filings, the Commissioner shall give due consideration to the
12 existence of a competitive market and to accepted actuarial
13 standards.

14 ~~C. In order to further uniform administration of rate~~
15 ~~regulatory laws, the Commissioner and every insurer and advisory~~
16 ~~organization may exchange information and experience data with~~
17 ~~insurance supervisory officials, insurers and advisory organizations~~
18 ~~in other states and may consult with them with respect to the~~
19 ~~application of rating systems~~ To promote uniform administration of
20 rate regulatory laws while preserving competitive insurance markets:

21 1. The Commissioner and any insurer or advisory organization
22 may exchange information and experience data with insurance
23 supervisory officials and advisory organizations in other states
24 regarding the application of rating systems;

1 2. Except as permitted through a duly authorized advisory
2 organization, an insurer shall not knowingly coordinate or exchange
3 prospective ratemaking information with another insurer in a manner
4 that unreasonably restrains competition;

5 3. Experience data or statistical information submitted through
6 an advisory organization for ratemaking purposes shall be aggregated
7 and made publicly available in a manner prescribed by the
8 Commissioner, subject to the protection of confidential,
9 proprietary, and trade secret information as provided by law; and

10 4. Nothing in this subsection shall be construed to:

11 a. prohibit lawful actuarial cooperation permitted under
12 state or federal law, or

13 b. permit price fixing, market allocation, or other anti-
14 competitive conduct.

15 D. Cooperation among advisory organizations or among advisory
16 organizations and insurers in ratemaking or in other matters within
17 the scope of the Property and Casualty Competitive Loss Cost Rating
18 Act is authorized. The Commissioner may review such cooperative
19 activities and practices, and if, after a hearing, any such activity
20 or practice is found to violate the provisions of the Property and
21 Casualty Competitive Loss Cost Rating Act, a written order may be
22 issued specifying that such activity or practice violates the
23 provisions of this act and requiring the discontinuance of such
24 activity. If the Commissioner has reason to believe that such

1 activity may constitute a violation of state or federal antitrust
2 law, the Commissioner may refer the matter to the Attorney General
3 for appropriate review and enforcement. Nothing in this subsection
4 shall be construed to limit the authority of the Attorney General to
5 enforce the antitrust laws of this state. This subsection shall be
6 interpreted consistent with the McCarran-Ferguson Act and applicable
7 state and federal antitrust laws.

8 SECTION 4. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 987.1 of Title 36, unless there
10 is created a duplication in numbering, reads as follows:

11 A. Each insurer shall file with the Insurance Commissioner all
12 rates, applicable rating manuals, supplementary rating information,
13 and such additional information as the Insurance Commissioner may
14 reasonably require to review filings for consistency with the
15 Property and Casualty Competitive Loss Cost Rating Act. The
16 Commissioner may request additional supporting information as
17 reasonably necessary during review of a filing. Nothing in this
18 subsection shall be construed to limit the number of reasonable
19 requests the Oklahoma Insurance Department may make where
20 information previously requested has not been adequately provided.

21 B. The Insurance Commissioner may promulgate rules, in
22 accordance with the Oklahoma Administrative Procedures Act, to:

23 1. Identify categories of supporting and supplementary rating
24 information that insurers may be required to include in a filing;

1 2. Specify statistical or other information reasonably
2 necessary to support the rates to be used by the insurer;

3 3. Require information necessary to demonstrate that the
4 computation of the rate for personal lines does not include
5 disallowed expenses; and

6 4. Require disclosure of policy fees, service fees, and other
7 fees charged or collected by the insurer.

8 C. Nothing in this section shall be construed to alter the
9 applicability of the Property and Casualty Competitive Loss Cost
10 Rating Act to filed rates based on the characteristics of any
11 individual insured.

12 D. In reviewing filings, the Insurance Commissioner shall
13 review filings for consistency with the Property and Casualty
14 Competitive Loss Cost Rating Act, as applicable to personal risk
15 property and casualty insurance.

16 SECTION 5. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 987.2 of Title 36, unless there
18 is created a duplication in numbering, reads as follows:

19 All insurers subject to this act shall comply with the filing
20 requirements established in Section 986 of Title 36 of the Oklahoma
21 Statutes. For purposes of this section, the Insurance Commissioner
22 shall determine an insurer's market share using statutory premium
23 data for the most recent calendar year for the applicable line of
24 insurance. The Commissioner may adopt reasonable procedures to

1 reduce unnecessary regulatory burden on insurers with less than five
2 percent (5%) market share, including permitting reliance on approved
3 advisory organization loss costs. Any procedures adopted pursuant
4 to this section shall be applied uniformly to similarly situated
5 insurers. An insurer shall not restructure or otherwise manipulate
6 its business for the purpose of qualifying under this section, as
7 determined by the Commissioner. Nothing in this section shall be
8 construed to exempt any insurer from compliance with the rate
9 standards of the Property and Casualty Competitive Loss Cost Rating
10 Act.

11 SECTION 6. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 987.3 of Title 36, unless there
13 is created a duplication in numbering, reads as follows:

14 A. A rate filing shall become effective thirty (30) days after
15 filing unless disapproved by the Oklahoma Insurance Commissioner in
16 accordance with Section 989 of Title 36 of the Oklahoma Statutes.

17 B. For good cause shown, the Commissioner may extend the review
18 period by written notice to the insurer. The review period may also
19 be extended by mutual agreement of the Commissioner and the insurer.

20 C. Nothing in this section shall be construed to alter the
21 Commissioner's authority under the Property and Casualty Competitive
22 Loss Cost Rating Act.

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1 SECTION 7. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 987.4 of Title 36, unless there
3 is created a duplication in numbering, reads as follows:

4 A. Communications between the Oklahoma Insurance Commissioner
5 and an insurer regarding a rate filing, including requests for
6 additional information, objections, and responses, may be conducted
7 through the Oklahoma Insurance Department's electronic rate filing
8 system.

9 B. A request by the Commissioner for additional information
10 shall not, by itself, constitute a disapproval of the filing.

11 C. Nothing in this section shall be construed to limit the
12 Commissioner's authority to request additional information
13 reasonably necessary to determine whether a filing complies with the
14 Property and Casualty Competitive Loss Cost Rating Act.

15 D. The Commissioner may establish reasonable procedures,
16 consistent with the Administrative Procedures Act, to administer the
17 review of rate filings in a manner that promotes timely and
18 efficient processing.

19 E. The Commissioner may establish reasonable filing fees, by
20 rule, sufficient to recover the administrative costs of rate filing
21 review.

22 SECTION 8. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 987.5 of Title 36, unless there
24 is created a duplication in numbering, reads as follows:

1 A. Any disapproval of a rate filing by the Oklahoma Insurance
2 Commissioner shall be conducted in accordance with Section 989 of
3 Title 36 of the Oklahoma Statutes.

4 B. Nothing in this act shall be construed to require the
5 Commissioner to hold a hearing on a rate filing unless otherwise
6 required by Section 989 of Title 36 of the Oklahoma Statutes or upon
7 written request of the insurer. Nothing in this act shall be
8 construed to require routine or automatic rate hearings.

9 C. Nothing in this section shall be construed to limit the
10 Commissioner's authority under the Property and Casualty Competitive
11 Loss Cost Rating Act.

12 SECTION 9. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 987.6 of Title 36, unless there
14 is created a duplication in numbering, reads as follows:

15 Nothing in this act shall be construed to alter the
16 applicability of Sections 985.1 or 989 of Title 36 of the Oklahoma
17 Statutes, except as expressly provided herein.

18 SECTION 10. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 987.7 of Title 36, unless there
20 is created a duplication in numbering, reads as follows:

21 Violations of this act shall be subject to the enforcement
22 provisions of Title 36 of the Oklahoma Statutes.

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1 SECTION 11. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 987.8 of Title 36, unless there
3 is created a duplication in numbering, reads as follows:

4 Nothing in this act shall be construed to limit or impair any
5 cause of action otherwise available under Oklahoma law, including
6 claims for bad faith, breach of contract, or unfair claims
7 settlement practices.

8 SECTION 12. REPEALER 36 O.S. 2021, Section 984, is
9 hereby repealed.

10 SECTION 13. REPEALER 36 O.S. 2021, Section 987, is
11 hereby repealed.

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

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14 60-2-16668 MJ 03/03/26

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