

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 3646

By: Stinson and Fugate

AS INTRODUCED

An Act relating to insurance; amending 36 O.S. 2021, Section 982, which relates to definitions used in the Property and Casualty Competitive Loss Cost Rating Act; providing definitions; amending 36 O.S. 2021, Section 986, which relates to rate administration; changing process for rate making; directing insurers to file rates, applicable rating manuals, supplementary rating information and other required information with the Insurance Commissioner; permitting use of rate on and after date filed; directing the Insurance Commissioner to determine information required for filing; directing the Insurance Commissioner to develop process for requesting supplementary rating information and supporting information; providing exemptions; directing Insurance Commissioner to consider factors; directing the Insurance Commissioner to disapprove rates that do not comply with act; clarifying rates that have not been disapproved before thirty days are not disapproved without good-cause extension; directing the Insurance Commissioner to issue an order when rates are disapproved; permitting hearings for insurer that files rate that is disapproved; directing the Insurance Department to track, compile, and analyze factors that contribute to disapproval of rates; authorizing the Insurance Department to request additional information; clarifying date of request for additional information; establishing that the Insurance Commissioner may only disapprove a rate that is in effect after hearing; permitting insureds who are aggrieved with respect to any filing in

1 effect to apply to the Insurance Commissioner for
2 hearing; directing the Insurance Commissioner to hold
3 hearing; authorizing the Insurance Commissioner to
4 issue order after hearing; authorizing the Insurance
5 Commissioner to require an insurer to file for
6 approval of all rates, supplementary rating
7 information, and any supporting information if
8 certain determinations are made; prohibiting insurers
9 from using a rate until it has been filed; permitting
10 use of certain rates without prior approval;
11 establishing exceptions to filing requirements;
12 repealing 36 O.S. 2021, Section 984, which relates to
13 presumption of competitive market; repealing 36 O.S.
14 2021, Section 987, which relates to rate filings;
15 providing for codification; and providing an
16 effective date.

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

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

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

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

25 2. "Advisory organization" means any corporation,
26 unincorporated association, partnership or person, whether located
27 inside or outside this state, that is licensed in accordance with

1 Section 1140 of this title and which assists insurers in ratemaking-
2 related activities such as enumerated in Section 1142 of this title;

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

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

8 5. "Commissioner" means the Commissioner of Insurance of this
9 state;

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

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

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

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

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

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

9 ~~11.~~ 12. "Loss adjustment expense" means the expenses incurred
10 by the insurer in the course of settling claims;

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

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

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

1 ~~15.~~ 16. "Personal risk" means homeowners, tenants, private
2 passenger nonfleet automobiles, manufactured homes and other
3 property and casualty insurance for personal, family or household
4 needs, including any property and casualty insurance that is
5 otherwise intended for noncommercial coverage;

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

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

14 ~~18.~~ 19. "Pure premium rate" means that portion of the rate
15 which represents the loss costs per unit of exposure including loss
16 adjustment expense;

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

1 21. "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 an insured;

5 ~~20.~~ 22. "Residual market mechanism" means an arrangement,
6 either voluntary or mandated by law, involving participation by
7 insurers in the equitable apportionment among them of insurance
8 which may be afforded applicants who are unable to obtain insurance
9 through ordinary methods;

10 ~~21.~~ 23. "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.~~ 24. "Statistical plan" means the plan, system or
15 arrangement used in collecting data;

16 ~~23.~~ 25. "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.~~ 26. "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.~~ 27. "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.

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

13 Section 986. A. ~~In only those markets found to be~~
14 ~~noncompetitive pursuant to Section 984 of this title, insurers and~~
15 ~~advisory organizations shall file with the Commissioner and the~~
16 ~~Commissioner shall review reasonable rules and plans for recording~~
17 ~~and reporting their rates, loss and expense experience and other~~
18 ~~information determined by the Commissioner to be necessary or~~
19 ~~appropriate for the administration of the Property and Casualty~~
20 ~~Competitive Loss Cost Rating Act. The Commissioner may designate~~
21 ~~one or more advisory organizations or other agencies to assist in~~
22 ~~gathering such experience and making compilation thereof.~~
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1 ~~B.~~ Reasonable rules and plans may be promulgated by the
2 Insurance Commissioner for the exchange of data necessary for the
3 development and application of rating plans.

4 ~~C.~~ B. In order to further uniform administration of rate
5 regulatory laws, the Commissioner and every insurer and advisory
6 organization may exchange information and experience data with
7 insurance supervisory officials, insurers and advisory organizations
8 in other states and may consult with them with respect to the
9 application of rating systems.

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

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

23 A. Each insurer shall file with the Insurance Commissioner all
24 rates, applicable rating manuals, supplementary rating information,

1 and additional information as required by the Insurance
2 Commissioner. An insurer may use a rate filed under this act on and
3 after the date the rate is filed.

4 B. The Insurance Commissioner by rule shall:

5 1. Determine the information required to be included in the
6 filing, including:

- 7 a. categories of supporting information and supplementary
8 rating information,
- 9 b. statistics or other information to support the rates
10 to be used by the insurer,
- 11 c. information necessary to evidence that the computation
12 of the rate does not include disallowed expenses for
13 personal lines, and
- 14 d. information concerning policy fees, service fees, and
15 other fees that are charged or collected by the
16 insurer; and

17 2. Prescribe the process through which the Insurance Department
18 requests supplementary rating information and supporting information
19 under this act, including:

- 20 a. the number of times the Department may make a request
21 for information, and
- 22 b. the types of information the Department may request
23 when reviewing a rate filing.

1 C. This section does not apply to rates for use with an insured
2 that has:

3 1. Total insured property values of Five Million Dollars
4 (\$5,000,000.00) or more;

5 2. Total annual gross revenues of Ten Million Dollars
6 (\$10,000,000.00) or more; or

7 3. A total premium of Twenty-five Thousand Dollars (\$25,000.00)
8 or more for property insurance, Twenty-five Thousand Dollars
9 (\$25,000.00) or more for general liability insurance, or Fifty
10 Thousand Dollars (\$50,000.00) or more for multi-peril insurance.

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

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

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

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

4 A. Not later than the earlier of the date the rate takes effect
5 or thirty (30) days after the date a rate is filed with the
6 Insurance Department under Section 3 of this act, the Insurance
7 Commissioner shall disapprove the rate if the Insurance Commissioner
8 determines that the rate does not comply with the requirements of
9 this act.

10 B. Except as provided by subsection C of this section, if a
11 rate has not been disapproved by the Insurance Commissioner before
12 the expiration of the thirty-day period described by subsection A of
13 this section, the rate is not considered disapproved under this
14 section.

15 C. For good cause, the Insurance Commissioner may, on the
16 expiration of the thirty-day period described by subsection A of
17 this section, extend the period for disapproval of a rate for one
18 additional thirty-day period. The Insurance Commissioner and the
19 insurer may not by agreement extend the thirty-day period described
20 by subsection A of this section or this subsection.

21 D. If the Insurance Commissioner disapproves a rate under this
22 section, the Insurance Commissioner shall issue an order specifying
23 in what respects the rate fails to meet the requirements of this
24 act.

1 E. An insurer that files a rate that is disapproved under this
2 section is entitled to a hearing upon written request made to the
3 Insurance Commissioner not later than thirty (30) days after the
4 date the order disapproving the rate takes effect.

5 F. The Insurance Department shall track, compile, and routinely
6 analyze the factors that contribute to the disapproval of rates
7 under this section.

8 SECTION 6. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 987.4 of Title 36, unless there
10 is created a duplication in numbering, reads as follows:

11 A. If the Insurance Department determines that the information
12 filed by an insurer under this act is incomplete or otherwise
13 deficient, the Insurance Department may request additional
14 information from the insurer.

15 B. If the Insurance Department requests additional information
16 from the insurer during the thirty-day period described by
17 subsection A of Section 5 of this act or under a second thirty-day
18 period described by subsection C of Section 5 of this act, as
19 applicable, the time between the date the Insurance Department
20 submits the request to the insurer and the date the Insurance
21 Department receives the information requested is not included in the
22 computation of the first thirty-day period or the second thirty-day
23 period, as applicable.

1 C. For purposes of this section, the date of the Insurance
2 Department's submission of a request for additional information is
3 the earlier of:

4 1. The date of the Insurance Department's electronic mailing or
5 documented telephone call relating to the request for additional
6 information; or

7 2. The postmarked date on the Insurance Department's letter
8 relating to the request for additional information.

9 D. The Insurance Department shall track, compile, and routinely
10 analyze the volume and content of requests for additional
11 information made under this section to ensure that all requests for
12 additional information are fair and reasonable.

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

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

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

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

1 2. State the date on which further use of the rate is
2 prohibited, which may not be earlier than forty-five (45) days or
3 later than one (1) year after the close of the hearing under this
4 section.

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

8 A. An insured who is aggrieved with respect to any filing under
9 this act that is in effect, may apply to the Insurance Commissioner
10 in writing for a hearing on the filing. The application must
11 specify the grounds for the applicant's grievance.

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

16 1. The application is made in good faith;

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

19 3. The grounds specified in the application otherwise justify
20 holding the hearing.

21 C. The Insurance Commissioner shall provide written notice of a
22 hearing under subsection B of this section to the applicant and each
23 insurer that made the filing not later than ten (10) days before the
24 date of the hearing.

1 D. If, after the hearing, the Insurance Commissioner determines
2 that the filing does not meet the requirements of this act or Title
3 36 of the Oklahoma Statutes or rule made pursuant to this act, the
4 Insurance Commissioner shall issue an order:

5 1. Specifying in what respects the filing fails to meet those
6 requirements; and

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

9 E. The Insurance Commissioner shall send copies of the order
10 issued under subsection D of this section to the applicant and each
11 affected insurer.

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

15 A. The Insurance Commissioner by order may require an insurer
16 to file with the Insurance Department for the Insurance
17 Commissioner's approval all rates, supplementary rating information,
18 and any supporting information in accordance with this act if the
19 Insurance Commissioner determines that:

20 1. The insurer's rates require supervision because of the
21 insurer's financial condition or rating practices; or

22 2. A statewide insurance emergency exists.

23 B. If an insurer files a petition for judicial review of an
24 order disapproving a rate under this act, the insurer must use the

1 rates in effect for the insurer at the time the petition is filed
2 and may not file and use any higher rate for the same line of
3 insurance subject to this act before the matter subject to judicial
4 review is finally resolved unless the insurer, in accordance with
5 this act, files the new rate with the Insurance Department, along
6 with any applicable supplementary rating information and supporting
7 information, and obtains the Insurance Commissioner's approval of
8 the rate.

9 C. From the date of the filing of the rate with the Insurance
10 Department to the effective date of the new rate, the insurer's
11 previously filed rate that is in effect on the date of the filing
12 remains in effect.

13 D. The Insurance Commissioner may require an insurer to file
14 the insurer's rates under this section until the Insurance
15 Commissioner determines that the conditions described by subsection
16 A of this section no longer exist.

17 E. If the Insurance Commissioner requires an insurer to file
18 the insurer's rates under this section, the Insurance Commissioner
19 shall periodically assess whether the conditions described by
20 subsection A of this section continue to exist. If the Insurance
21 Commissioner determines that the conditions no longer exist, the
22 Insurance Commissioner shall issue an order excusing the insurer
23 from filing the insurer's rates under this section.

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1 F. For purposes of this section, a rate is filed with the
2 Insurance Department on the date the Department receives the rate
3 filing.

4 G. If the Insurance Commissioner requires an insurer to file
5 the insurer's rates under this section, the Insurance Commissioner
6 shall issue an order specifying the Insurance Commissioner's reasons
7 for requiring the rate filing and explaining any steps the insurer
8 must take and any conditions the insurer must meet in order to be
9 excused from filing the insurer's rates under this section. An
10 affected insurer is entitled to a hearing upon written request made
11 to the Insurance Commissioner not later than thirty (30) days after
12 the date the order is issued.

13 H. The Insurance Commissioner by rule shall define:

14 1. The financial conditions and rating practices that may
15 subject an insurer to this section under paragraph 1 of subsection A
16 of this section; and

17 2. The process by which the Insurance Commissioner determines
18 that a statewide insurance emergency exists under paragraph 2 of
19 subsection A of this section.

20 SECTION 10. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 987.8 of Title 36, unless there
22 is created a duplication in numbering, reads as follows:
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1 A. An insurer subject to this act may not use a rate until the
2 rate has been filed with the Insurance Department and approved by
3 the Insurance Commissioner in accordance with this act.

4 B. Notwithstanding subsection A of this section, after a rate
5 filing is approved under this act, an insurer, without prior
6 approval of the Insurance Commissioner, may use any rate
7 subsequently filed by the insurer if the subsequently filed rate
8 does not exceed the lesser of:

9 1. One hundred seven and one-half percent (107.5%) of the rate
10 approved by the Insurance Commissioner; or

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

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

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

18 A. Except as provided by subsections B, C, and D of this
19 section, an insurer is exempt from the rate filing and approval
20 requirements of this act if the insurer, during the calendar year
21 preceding the date filing is otherwise required under Title 36 of
22 the Oklahoma Statutes, issued residential property insurance
23 policies in this state that accounted for less than two percent (2%)
24 of the total amount of premiums collected by insurers for

1 residential property insurance policies issued in this state, more
2 than fifty percent (50%) of which cover property valued at less than
3 One Hundred Thousand Dollars (\$100,000.00).

4 B. If an insurer described by subsection A of this section is a
5 member of an affiliated insurance group, this section applies to the
6 insurer only if the total aggregate premium collected by the group
7 accounts for less than two percent (2%) of the total amount of
8 premiums collected by insurers for residential property insurance
9 policies issued in this state.

10 C. An insurer described by subsection A of this section that
11 proposes to increase the premium rates charged policyholders for a
12 residential property insurance product by an amount that is ten
13 percent (10%) or more over the amount the insurer charged
14 policyholders for the same or an equivalent residential property
15 insurance product during the preceding calendar year must file the
16 insurer's proposed rates in accordance with this act and, if
17 applicable, obtain approval of the proposed rates.

18 D. An insurer described by subsection A of this section that
19 increases the premium rates charged policyholders for a residential
20 property insurance product by an annual average amount of eight
21 percent (8%) or greater for three (3) consecutive calendar years
22 must file the insurer's proposed rates in accordance with this act
23 in the calendar year following the three (3) consecutive years and,
24 if applicable, obtain approval of the proposed rates. In

1 calculating the three (3) consecutive calendar years' average
2 premium increases, an insurer is not required to consider a year in
3 which there is a weather-related catastrophe or other major natural
4 disaster that requires the Commissioner to extend the claim-handling
5 deadlines.

6 SECTION 12. REPEALER 36 O.S. 2021, Section 984, is
7 hereby repealed.

8 SECTION 13. REPEALER 36 O.S. 2021, Section 987, is
9 hereby repealed.

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

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