

1 STATE OF OKLAHOMA

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

3 SENATE BILL 1438

By: Kirt

6 AS INTRODUCED

7 An Act relating to insurance; defining terms;
8 requiring certain insurers to file certain
9 information annually with the Insurance Commissioner;
10 establishing certain requirements to determine
11 excessive profit; requiring certain insurers to file
12 certain loss and loss adjustment data; establishing
13 certain computation for certain underwriting gain or
14 loss; requiring certain comparison of certain gain or
loss with certain profit; requiring certain return of
certain excessive amounts; providing certain
requirements for certain returns; requiring certain
refunds to be treated as certain dividend;
authorizing promulgation by Commissioner of certain
rules; providing for codification; and providing an
effective date.

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

18 SECTION 1. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 1018 of Title 36, unless there
20 is created a duplication in numbering, reads as follows:

21 A. As used in this section:

22 1. "Anticipated underwriting profit" means the sum of the
23 dollar amounts obtained by multiplying, for each rate filing of the
24 insurer group in effect in a three-year period, the earned premiums

1 applicable to such rate filings by the percentage factor, determined
2 with due recognition to investment income from funds generated by
3 business in this state, included in such rate filings for profit and
4 contingencies;

5 2. "Final compilation year" means the final year in which data
6 is reported in a three-year reporting period; and

7 3. "Insurer" means any insurance business licensed in this
8 state that is written on a family automobile policy, standard
9 automobile policy, personal automobile policy, or other similar
10 private passenger automobile policy written for personal use.

11 Insurer shall not include a commercial automobile insurance
12 business.

13 B. All insurers in this state shall file annually, prior to
14 July 1, the following information with the Insurance Commissioner.

15 All information shall be a consolidation of the data of the
16 individual insurers of the group. Such information shall include:

17 1. Calendar-year total limits earned premium;

18 2. Accident-year incurred losses and loss adjustment expenses;

19 3. The administrative and selling expenses incurred in this
20 state or allocated to this state for the calendar year; and

21 4. Policyholder dividends incurred during the applicable
22 calendar year.

23 C. An insurer shall be deemed to have excessive profit if there
24 has been an underwriting gain for the three (3) most recent calendar

1 years combined that is greater than the anticipated underwriting
2 profit plus five percent (5%) of earned premiums for those calendar
3 years.

4 D. Each insurer shall file a schedule of loss and loss
5 adjustment experience for the three (3) previous accident years.
6 Any incurred losses and loss adjustment expenses shall be valued as
7 of March 31 of the year following the close of the accident year,
8 developed to an ultimate basis, and at two-month intervals after
9 such close of an accident year such that three evaluations shall be
10 provided in each accident year.

11 E. Each insurer group's underwriting gain or loss for each
12 accident year shall be computed by taking the sum of the accident
13 year incurred losses and loss adjustment expenses as of March 31 of
14 the following year, plus the administrative and selling expenses
15 incurred in the calendar year, plus policyholder dividends
16 applicable to the calendar year, subtracted from the accident year
17 earned premium.

18 F. For the three (3) most recent calendar-accident years, the
19 underwriting gain or loss shall be compared to the anticipated
20 underwriting profit.

21 G. 1. If the insurer group is deemed to have excessive profit,
22 the Commissioner shall order a return of the excessive amounts after
23 affording the insurer group an opportunity for hearing. Any
24 excessive amounts shall be refunded unless the insurer group

1 affirmatively demonstrates to the Commissioner that the refund of
2 such excessive amounts will render a member of the insurer group
3 financially impaired or insolvent.

4 2. Such excessive amounts shall be refunded on a pro rata basis
5 in relation to the final compilation year earned premiums to all
6 policyholders on record of the insurer on December 31 of the final
7 compilation year. Any such refund shall be returned to
8 policyholders in the form of a cash refund or a credit toward the
9 future purchase of insurance.

10 3. A cash refund shall be completed within sixty (60) days of
11 entry of a final order indicating that the insurer has been deemed
12 to have excessive profits. A credit refund shall be applied to
13 policy renewal premium notices that are forwarded to the
14 policyholders more than sixty (60) days after entry of such final
15 order. If an insurer has elected to utilize credit refunds, and a
16 policyholder cancels his or her policy or otherwise allows the
17 policy to terminate, the insurer shall make a cash refund no later
18 than sixty (60) days after termination of such coverage. Upon
19 completion of such refunds, the insurer shall immediately notify the
20 Commissioner.

21 4. Any refund made pursuant to this subsection shall be treated
22 as a policyholder dividend applicable to the year in which it is
23 incurred for the purposes of reporting pursuant to this section.

1 H. The Commissioner shall be authorized to promulgate any rules
2 necessary to implement the provisions of this section.

3 SECTION 2. This act shall become effective November 1, 2026.

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