

1 ENGROSSED SENATE
2 BILL NO. 340

By: Stanislawski of the Senate

3 and

4 Mulready of the House

5
6 An Act relating to insurance; amending 36 O.S. 2011,
7 Section 607.1, as last amended by Section 1, Chapter
8 39, O.S.L. 2014 (36 O.S. Supp. 2014, Section 607.1),
9 which relates to Interlocal Entities; modifying
10 contents of and requirements for annual audited
11 financial reports; requiring and prescribing
12 requirements for certain actuarial opinions; defining
13 term; modifying circumstances under which extension
14 of filing date may be granted; specifying
15 requirements for Interlocal Entities insuring
16 educational institutions; modifying circumstances in
17 which fine may be assessed; requiring certain
18 documents be open to public inspection; and providing
19 an effective date.

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

21 SECTION 1. AMENDATORY 36 O.S. 2011, Section 607.1, as
22 last amended by Section 1, Chapter 39, O.S.L. 2014 (36 O.S. Supp.
23 2014, Section 607.1), is amended to read as follows:

24 Section 607.1. A. An entity organized pursuant to the
Interlocal Cooperation Act (an "Interlocal Entity") for the purpose
of transacting insurance, except those Interlocal Entities created
pursuant to the terms of The Governmental Tort Claims Act, shall be
considered an insurer at such time that the entity has within a
twelve-month period received aggregate premiums of One Million

1 Dollars (\$1,000,000.00) for all kinds of insurance that the entity
2 transacts. Such an entity shall be eligible to qualify for and hold
3 a certificate of authority to transact insurance in this state.

4 B. Notwithstanding the provisions of subsection A of this
5 section, any entity organized pursuant to the Interlocal Cooperation
6 Act that insures an Oklahoma educational institution and has within
7 a twelve-month period received premiums or contributions of any
8 amount for any kind of insurance that the Interlocal Entity
9 transacts shall have an annual audit by an independent certified
10 public accountant and shall file an audited financial report by an
11 independent certified public accountant with the Insurance
12 Commissioner within one hundred eighty (180) days immediately
13 following the close of the Interlocal Entity's fiscal year. The
14 annual audited financial report shall be presented in conformity
15 with ~~accounting principles generally accepted in the United States~~
16 ~~of America~~ Statutory Accounting Principles and include:

17 ~~1. The report of an independent certified public accountant in~~
18 ~~accordance with accounting principles generally accepted in the~~
19 ~~United States of America;~~

20 ~~2. A balance sheet reporting assets, liabilities and equity;~~

21 ~~3. A statement of operations;~~

22 ~~4. A statement of cash flows;~~

23 ~~5. A statement of changes in assets, liabilities and equity;~~

24 and

1 ~~6. Footnotes to financial statements~~ an unqualified opinion
2 from the certified public accountant that the audited financial
3 report represents a fair presentation of the Interlocal Entity's
4 financial position.

5 C. Any entity subject to the provisions of subsection B of this
6 section shall file with the Insurance Commissioner an actuarial
7 opinion prepared by a qualified actuary within one hundred eighty
8 (180) days immediately following the close of the Interlocal
9 Entity's fiscal year. The actuarial opinion should certify the
10 amount and adequacy of the Interlocal Entity's reserves for loss and
11 loss adjustment expenses, including amounts for Incurred But Not
12 Reported (IBNR) Claims, and the adequacy of the Interlocal Entity's
13 premiums. The actuarial opinion shall be consistent with the
14 appropriate Actuarial Standards of Practice (ASOP) as promulgated by
15 the Actuarial Standards Board.

16 As used in this section, "qualified actuary" means an individual
17 who is a member of the American Academy of Actuaries and who has met
18 the Qualification Standards for Actuaries Issuing Statements of
19 Actuarial Opinions in the United States promulgated by the American
20 Academy of Actuaries.

21 D. Extensions of the filing date may be granted by the
22 Commissioner for thirty-day periods upon a showing by the Interlocal
23 Entity and its independent certified public accountant or qualified
24 actuary of the reasons for requesting an extension and determination

1 by the Commissioner of good cause for an extension. The request for
2 extension must be submitted in writing not less than ten (10) days
3 prior to the due date in sufficient detail to permit the
4 Commissioner to make an informed decision with respect to the
5 requested extension.

6 ~~D.~~ E. Any Interlocal Entity that insures any Oklahoma
7 educational institution after January 1, 2016, shall obtain
8 recognition or accreditation, or some other similar designation,
9 from a national organization approved by the Insurance Commissioner.

10 F. The Commissioner may assess a fine for failure to file the
11 required annual audit or actuarial opinion or obtain recognition or
12 accreditation, or some other similar designation, in an amount of
13 not more than Five Hundred Dollars (\$500.00) per day.

14 ~~E.~~ G. The audited financial reports and actuarial opinions
15 required herein are subject to public inspection pursuant to the
16 Oklahoma Open Records Act.

17 SECTION 2. This act shall become effective November 1, 2015.
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