

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL NO. 340

By: Stanislawski of the Senate

and

Mulready of the House

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9 COMMITTEE SUBSTITUTE

10 An Act relating to insurance; amending 36 O.S. 2011,
11 Section 607.1, as last amended by Section 1, Chapter
12 39, O.S.L. 2014 (36 O.S. Supp. 2014, Section 607.1),
13 which relates to Interlocal Entities; requiring
14 certain financial reports to include certain opinion;
15 requiring certain entities to file an actuarial
16 opinion with the Insurance Commissioner; providing
17 opinion contents; defining term; modifying
18 circumstances in which fine may be assessed;
19 requiring certain documents be open to public
20 inspection; and providing an effective date.

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

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

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

1 pursuant to the terms of The Governmental Tort Claims Act, shall be
2 considered an insurer at such time that the entity has within a
3 twelve-month period received aggregate premiums of One Million
4 Dollars (\$1,000,000.00) for all kinds of insurance that the entity
5 transacts. Such an entity shall be eligible to qualify for and hold
6 a certificate of authority to transact insurance in this state.

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

- 20 1. The report of an independent certified public accountant in
21 accordance with accounting principles generally accepted in the
22 United States of America;
- 23 2. A balance sheet reporting assets, liabilities and equity;
- 24 3. A statement of operations;

1 4. A statement of cash flows;

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

3 ~~and~~

4 6. Footnotes to financial statements; and

5 7. An unqualified opinion from the certified public accountant
6 that the audited financial report represents a fair presentation of
7 the Interlocal Entity's financial position in conformity with
8 accounting principles generally accepted in the United States of
9 America.

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

21 As used in this section, "qualified actuary" means an individual
22 who is a member of the American Academy of Actuaries and who has met
23 the Qualification Standards for Actuaries Issuing Statements of
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1 Actuarial Opinions in the United States promulgated by the American
2 Academy of Actuaries.

3 D. Extensions of the filing date may be granted by the
4 Commissioner for thirty-day periods upon a showing by the Interlocal
5 Entity and its independent certified public accountant or qualified
6 actuary of the reasons for requesting an extension and determination
7 by the Commissioner of good cause for an extension. The request for
8 extension must be submitted in writing not less than ten (10) days
9 prior to the due date in sufficient detail to permit the
10 Commissioner to make an informed decision with respect to the
11 requested extension.

12 ~~D.~~ E. The Commissioner may assess a fine for failure to file
13 the required annual audit or actuarial opinion in an amount of not
14 more than Five Hundred Dollars (\$500.00) per day.

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

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

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20 55-1-7389 AMM 04/10/15
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