

An Act

ENROLLED SENATE
BILL NO. 340

By: Stanislawski of the Senate

and

Mulready of the House

An Act relating to insurance; amending 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), which relates to Interlocal Entities; requiring certain financial reports to include certain opinion; requiring certain entities to file an actuarial opinion with the Insurance Commissioner; providing opinion contents; defining term; modifying circumstances in which fine may be assessed; requiring certain documents be open to public inspection; and providing an effective date.

SUBJECT: Annual audit requirements for Interlocal Entities

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

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 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 Dollars (\$1,000,000.00) for all kinds of insurance that the entity

transacts. Such an entity shall be eligible to qualify for and hold a certificate of authority to transact insurance in this state.

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

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

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

3. A statement of operations;

4. A statement of cash flows;

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

6. Footnotes to financial statements; and

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

C. Any entity subject to the provisions of subsection B of this section shall file with the Insurance Commissioner an actuarial opinion prepared by a qualified actuary within one hundred eighty (180) days immediately following the close of the Interlocal

Entity's fiscal year. The actuarial opinion should certify the amount and adequacy of the Interlocal Entity's reserves for loss and loss adjustment expenses, including amounts for Incurred But Not Reported (IBNR) Claims, and the adequacy of the Interlocal Entity's premiums. The actuarial opinion shall be consistent with the appropriate Actuarial Standards of Practice (ASOP) as promulgated by the Actuarial Standards Board.

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

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

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

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

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

Passed the Senate the 4th day of May, 2015.

Presiding Officer of the Senate

Passed the House of Representatives the 15th day of April, 2015.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20 _____, at _____ o'clock _____ M.

By: _____