

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL NO. 524

By: Quinn of the Senate

and

Sneed of the House

6  
7  
8  
9 COMMITTEE SUBSTITUTE

10 An Act relating to workers' compensation insurance;  
11 amending 36 O.S. 2011, Section 995, as amended by  
12 Section 18, Chapter 254, O.S.L. 2013 (36 O.S. Supp.  
13 2020, Section 995), which relates to joint  
14 underwriting and reinsurance; removing exception of  
15 application of act to CompSource Mutual Insurance  
16 Company; directing the Insurance Commissioner to  
17 develop and administer an assigned risk plan  
18 providing workers' compensation insurance to certain  
19 employers; requiring plan include qualification and  
20 termination terms; requiring that certain employers  
21 receive coverage under plan; authorizing Commissioner  
22 to designate third party to develop and administer  
23 plan for certain time period; requiring Commissioner  
24 to contract with certain person to continue plan;  
requiring Commissioner to approve plan before  
implementation; requiring all private carriers to  
participate in plan; authorizing CompSource to  
provide coverage to certain persons for certain time  
period; repealing Sections 1, 2, 3, 4, 5, 6, 7, 8, 9,  
10, 11, 12 and 13, Chapter 254, O.S.L. 2013 (85 O.S.  
Supp. 2020, Sections 375.1, 375.2, 375.3, 375.4,  
375.5, 375.6, 375.7, 375.8, 375.9, 375.10, 375.11,  
375.12 and 375.13) and 85 O.S. 2011, Section 396, as  
amended by Section 46, Chapter 254, O.S.L. 2013 (85  
O.S. Supp. 2020, Section 396), which relate to the  
CompSource Mutual Insurance Company Act and  
CompSource information not open to public inspection;

1 providing for codification; and providing an  
2 effective date.

3  
4  
5 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

6 SECTION 1. AMENDATORY 36 O.S. 2011, Section 995, as  
7 amended by Section 18, Chapter 254, O.S.L. 2013 (36 O.S. Supp. 2020,  
8 Section 995), is amended to read as follows:

9 Section 995. Joint Underwriting, Joint Reinsurance Pool and  
10 Residual Market Activities.

11 A. ~~This section shall not apply to transactions involving~~  
12 ~~CompSource Mutual Insurance Company.~~

13 ~~B.~~ Notwithstanding paragraph 3 of subsection A of Section 992  
14 of this title, insurers participating in joint underwriting, joint  
15 reinsurance pools or residual market mechanisms may in connection  
16 with such activity act in cooperation with each other in the making  
17 of rates, rating systems, policy forms, underwriting rules, surveys,  
18 inspections and investigations, the furnishing of loss and expense  
19 statistics or other information, or carrying on research. Joint  
20 underwriting, joint reinsurance pools and residual market mechanisms  
21 shall not be deemed an advisory organization.

22 ~~C.~~ B. Except to the extent modified by this section, joint  
23 underwriting, joint reinsurance pool and residual market mechanism  
24

1 activities are subject to the other provisions of the Property and  
2 Casualty Competitive Loss Cost Rating Act.

3 ~~D.~~ C. If, after a hearing, the Commissioner finds that any  
4 activity or practice of an insurer participating in joint  
5 underwriting or a pool is unfair, is unreasonable, will tend to  
6 lessen competition in any market or is otherwise inconsistent with  
7 the provisions or purposes of the Property and Casualty Competitive  
8 Loss Cost Rating Act, the Commissioner may issue a written order and  
9 require the discontinuance of such activity or practice.

10 ~~E.~~ D. Every pool shall file with the Commissioner a copy of its  
11 constitution, articles of incorporation, agreement or association,  
12 bylaws, rules and regulations governing its activities, list of  
13 members, the name and address of a resident of this state upon whom  
14 notice, orders of the Commissioner, or process may be served, and  
15 any changes in amendments or changes in the foregoing.

16 ~~F.~~ E. Any residual market mechanism, plan or agreement to  
17 implement such a mechanism, and any changes or amendments thereto,  
18 shall be submitted in writing to the Commissioner for consideration  
19 and approval, together with such information as may be reasonably  
20 required.

21 SECTION 2. NEW LAW A new section of law to be codified  
22 in the Oklahoma Statutes as Section 608.2 of Title 36, unless there  
23 is created a duplication in numbering, reads as follows:

24

1       A. The Insurance Commissioner shall develop and administer an  
2 assigned risk plan to provide workers' compensation insurance  
3 coverage to employers who are unable to procure coverage in the  
4 voluntary market. In addition to the requirements of subsection B  
5 of this section, the plan shall include, but not be limited to,  
6 qualifications for and termination of coverage.

7       B. To qualify for coverage under the plan, an employer shall  
8 have been declined coverage by at least two unaffiliated insurers  
9 and shall provide documentation to the Commissioner that the  
10 unaffiliated insurers are unwilling to provide coverage at any  
11 premium level that is reasonably related to the risk presented by  
12 the employer.

13       C. Any employer satisfying the requirements of subsection B of  
14 this section, and any other qualifications established by the  
15 Commissioner, shall be provided coverage at a premium level to be  
16 determined or approved by the Insurance Commissioner. Premiums  
17 shall be actuarially sound, consistent with industry standards for  
18 classification and rate-making methodologies and calculated to  
19 enable the plan to be self-sustaining and able to operate without  
20 subsidies from employers and insurers in the voluntary market, to  
21 the extent possible. Rates shall not be excessive, inadequate or  
22 unfairly discriminatory, pursuant to Section 902 of Title 36 of the  
23 Oklahoma Statutes.

24

1 D. The Insurance Commissioner may designate a third party,  
2 including a private carrier or rating organization with substantial  
3 experience in developing and administering similar programs in other  
4 states, to develop and administer the assigned risk plan for a  
5 three-year period beginning on the effective date of this act.  
6 Following this period, the Commissioner shall contract with the same  
7 or another qualified third party to continue the administration of  
8 the assigned risk plan, provided, however, that the Commissioner  
9 shall approve the plan prior to the plan becoming operative. The  
10 plan established pursuant to this section shall require that all  
11 private carriers participate as a condition of their authority to  
12 transact business in this state.

13 E. Prior to the operation of the plan established pursuant to  
14 the provisions of this section, but in no event later than January  
15 1, 2023, CompSource Mutual Insurance Company, a private, domestic  
16 mutual insurance company incorporated in this state and regulated by  
17 the Insurance Department, successor-in-interest to CompSource  
18 Oklahoma, shall serve as the residual market mechanism for those  
19 insureds who would otherwise be in the assigned risk plan.

20 SECTION 3. REPEALER Sections 1, 2, 3, 4, 5, 6, 7, 8, 9,  
21 10, 11, 12 and 13, Chapter 254, O.S.L. 2013 (85 O.S. Supp. 2020,  
22 Sections 375.1, 375.2, 375.3, 375.4, 375.5, 375.6, 375.7, 375.8,  
23 375.9, 375.10, 375.11, 375.12 and 375.13) and 85 O.S. 2011, Section  
24

1 396, as amended by Section 46, Chapter 254, O.S.L. 2013 (85 O.S.  
2 Supp. 2020, Section 396), are hereby repealed.

3 SECTION 4. This act shall become effective November 1, 2021.  
4

5 58-1-8024 AMM 03/31/21  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24