

1 ENGROSSED HOUSE AMENDMENT
TO
2 ENGROSSED SENATE BILL NO. 542 By: Montgomery of the Senate
3 and
4 Sneed of the House
5

6
7 An Act relating to the Insurance Department; amending
8 36 O.S. 2021, Sections 350, 606.1, 607, as amended by
9 Section 1, Chapter 152, O.S.L. 2022, 924.1, 1641, and
10 6652 (36 O.S. Supp. 2022, Section 607), which relate
11 to electronic filings, procedures and requirements
12 for insurers, rule promulgation, and compliance;
13 clarifying requirements for certain filings and
14 submissions; modifying public hearing process;
15 modifying required reduction in premium charges for
16 certain insureds; requiring certain insurers maintain
17 up-to-date information with the Insurance
18 Commissioner; updating statutory language; making
19 language gender neutral; updating statutory
20 reference; and providing an effective date.

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1 by the Commissioner; clarifying what may be adopted;
2 amending 36 O.S. 2021, Sections 312A, 313, and 319
3 which relate to civil penalties and fees,
4 requirements for orders and notices, and hearings;
5 modifying language concerning the Patient's Right to
6 Pharmacy Choice Commission; permitting the imposition
7 of certain penalties; establishing certain powers
8 with the Insurance Commissioner; amending 36 O.S.
9 2021, Section 332, which relates to general duties
10 and powers of the Commissioner; modifying language
11 concerning the Patient's Right to Pharmacy Choice
12 Commission; clarifying on what grounds certain
13 examinations and investigations may be conducted;
14 amending 36 O.S. 2021, Section 350, which relates to
15 filings and payments in electronic format; directing
16 for inclusion of certain payment; amending 36 O.S.
17 2021, Section 606.1, which relates to requirements
18 and procedures for certain foreign insurers to become
19 domestic insurers; modifying hearing requirements;
20 providing inclusive language; amending 36 O.S. 2021,
21 Section 607, as amended by Section 1, Chapter 152,
22 O.S.L. 2022 (36 O.S. Supp. 2022, Section 607), which
23 relates to general qualifications to transact
24 insurance; requiring certain information be kept on
file with the Commissioner; amending 36 O.S. 2021,
Section 924.1, which relates to automobile or
motorcycle accident prevention course; modifying
language; amending 36 O.S. 2021, Section 1641, which
relates to the Commissioner's rulemaking authority;
modifying notice and hearing requirements; amending
36 O.S. 2021, Section 6124.1, which relates to
transfer of prepaid funeral benefit permits;
clarifying Commissioner's duties; defining term;
amending 36 O.S. 2021, Section 6652, which relates to
definitions used in the Hospital and Medical Services
Utilization Review Act; providing clarifying
language; repealing 36 O.S. 2021, Section 107.3, 907,
and 908; providing for codification; and providing an
effective date.

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

1 SECTION 1. AMENDATORY 36 O.S. 2021, Section 109, is
2 amended to read as follows:

3 Section 109. A. No person shall transact a business of
4 insurance in Oklahoma without complying with the applicable
5 provisions of this Code.

6 B. Any person and organization subject to the jurisdiction of
7 the Insurance Commissioner, upon receipt of any inquiry from the
8 Commissioner shall, within twenty (20) calendar days from the date
9 of receipt of the inquiry, furnish the Commissioner with an adequate
10 response to the inquiry. Any inquiry or response subject to this
11 subsection shall be delivered electronically.

12 C. All persons and organizations subject to the jurisdiction of
13 the Commissioner shall keep any contact information deemed necessary
14 by the Commissioner on file with the Insurance Department. Contact
15 information shall be kept current and be submitted electronically in
16 the manner and form prescribed by the Commissioner, along with any
17 applicable fees. Any change in contact information shall be
18 submitted within twenty (20) days of the change.

19 SECTION 2. AMENDATORY 36 O.S. 2021, Section 307, is
20 amended to read as follows:

21 Section 307. The Insurance Commissioner shall be charged with
22 the duty of administration and enforcement of the provisions of the
23 Oklahoma Insurance Code, of any requirements placed on an insurance
24 company pursuant to the Oklahoma Statutes ~~and determining the duties~~

1 ~~assigned to the Patient's Right to Pharmacy Choice Commission.~~ The
2 Commissioner shall have jurisdiction over complaints against all
3 persons engaged in the business of insurance, and shall hear all
4 matters either in person, by authorized disinterested employees or
5 by hearing examiners appointed by the Commissioner for that purpose
6 and not specifically addressed otherwise in this act. It shall be
7 the duty of the Commissioner to file and safely keep all books and
8 papers required by law to be filed with the Insurance Department,
9 and to keep and preserve in permanent form a full record of
10 proceedings including a concise statement of the conditions of such
11 insurers and other entities reported and examined by the Department
12 and its examiners. The Commissioner shall, annually, at the
13 earliest practicable date after returns are received from the
14 several authorized insurers and other organizations, make a report
15 to the Governor of the affairs of the office of the Commissioner,
16 which report shall contain a tabular statement and synopsis of the
17 several statements, as accepted by the Commissioner, which shall
18 include with respect to each insurance company the admitted assets,
19 liabilities except capital, capital and surplus, Oklahoma premium
20 income, amount of claims paid in Oklahoma and such other matters as
21 may be of benefit to the public. ~~The Commissioner shall, on a~~
22 ~~quarterly basis, report to the Pharmacy Choice Commission an~~
23 ~~accounting of matters relating to pharmacy benefits managers~~
24 ~~including, but not limited to, the number and types of complaints:~~

- 1 ~~1. Received;~~
- 2 ~~2. Resolved by hearing;~~
- 3 ~~3. Resolved by settlement;~~
- 4 ~~4. Determined not to be violations; and~~
- 5 ~~5. That are outstanding.~~

6 The Commissioner may educate consumers and make recommendations
7 regarding the subject of insurance in this state, and shall set
8 forth in a statement the various sums received and disbursed by the
9 Department, from and to whom and for what purpose. Such report
10 shall be published by and subject to the order of the Commissioner.
11 The Commissioner shall, upon retiring from office, deliver to the
12 qualified successor all furniture, records, papers and property of
13 the office.

14 SECTION 3. AMENDATORY 36 O.S. 2021, Section 307.1, is
15 amended to read as follows:

16 Section 307.1. The Insurance Commissioner may adopt reasonable
17 bulletins, orders, rules and regulations for the implementation and
18 administration of the provisions of the Insurance Code and other
19 statutes for which the Commissioner has jurisdiction.

20 SECTION 4. AMENDATORY 36 O.S. 2021, Section 312A, is
21 amended to read as follows:

22 Section 312A. Civil penalties and fees imposed by the Insurance
23 Commissioner ~~or the Patient's Right to Pharmacy Choice Commission~~
24 pursuant to Oklahoma law may be enforced in the same manner in which

1 civil judgments may be enforced. All final orders of the Insurance
2 Commissioner ~~or Pharmacy Choice Commission~~ imposing administrative
3 charges, fees, civil penalties, restitution or fines may be recorded
4 in the office of the Clerk of the District Court of Oklahoma County
5 and, upon such recording, all appropriate writs and process shall
6 issue and shall be enforced by the judges of said court upon
7 application.

8 SECTION 5. AMENDATORY 36 O.S. 2021, Section 313, is
9 amended to read as follows:

10 Section 313. A. Orders and notices of the Insurance
11 Commissioner ~~or Patient's Right to Pharmacy Choice Commission~~ shall
12 be in writing and shall be signed by ~~either~~ the Commissioner, an
13 authorized employee of the Insurance Department, or an independent
14 hearing examiner ~~or the Pharmacy Choice Commission~~. A final order
15 signed by an independent hearing examiner, ~~or the chair or vice-~~
16 ~~chair of the Pharmacy Choice Commission,~~ after hearing, shall be
17 final agency action, notwithstanding the provisions of Section 311
18 of Title 75 of the Oklahoma Statutes.

19 B. In the exercise of the powers and the performance of the
20 duties enumerated in this title, the Commissioner ~~and the Pharmacy~~
21 ~~Choice Commission~~ shall comply with the procedures of the
22 Administrative Procedures Act. Any conflict between the provisions
23 of Title 75 of the Oklahoma Statutes and of this title shall be
24 resolved in favor of the provisions of this title.

1 SECTION 6. AMENDATORY 36 O.S. 2021, Section 319, is
2 amended to read as follows:

3 Section 319. ~~A.~~ In conducting any hearing pursuant to the
4 Insurance Code, the Insurance Commissioner may appoint an
5 independent hearing examiner who shall sit as a quasi-judicial
6 officer. The ordinary fees and costs of such hearing examiner shall
7 be assessed by the hearing examiner against the respondent, unless
8 the respondent is the prevailing party. Within thirty (30) days
9 after termination of the hearing or of any rehearing thereof or
10 reargument thereon, unless such time is extended by stipulation, a
11 final order shall be issued.

12 ~~B. 1. The Patient's Right to Pharmacy Choice Commission~~
13 ~~established pursuant to Section 10 of this act shall conduct any~~
14 ~~hearing pursuant to the Patient's Right to Pharmacy Choice Act or~~
15 ~~relating to the oversight of pharmacy benefits managers pursuant to~~
16 ~~the Pharmacy Audit Integrity Act and Sections 357 through 360 of~~
17 ~~Title 59 of the Oklahoma Statutes. Within thirty (30) days after~~
18 ~~termination of a hearing or of any rehearing thereof or reargument~~
19 ~~thereon, unless such time is extended by stipulation, a final order~~
20 ~~shall be issued.~~

21 ~~2. The Pharmacy Choice Commission members shall not be entitled~~
22 ~~to receive any compensation related to conducting a hearing pursuant~~
23 ~~to this section including per diem or mileage for any travel or~~
24 ~~expenses related to appointment on the Commission.~~

1 SECTION 7. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 322 of Title 36, unless there is
3 created a duplication in numbering, reads as follows:

4 The Insurance Commissioner may, if the Commissioner finds that
5 any person or organization has violated the provisions of any
6 statute, rule, bulletin, or order for which the Commissioner has
7 jurisdiction, impose a penalty of not more than Five Thousand
8 Dollars (\$5,000.00) for each such violation. Such penalties may be
9 in addition to any other penalty provided by law.

10 No penalty shall be imposed except upon a written order of the
11 Commissioner or the appointed independent hearing examiner, stating
12 the findings of the Commissioner or the appointed independent
13 hearing examiner after notice and opportunity for a hearing in
14 accordance with Article II of the Administrative Procedures Act.

15 SECTION 8. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 323 of Title 36, unless there is
17 created a duplication in numbering, reads as follows:

18 In addition to any powers herein before expressly enumerated in
19 this law, the Insurance Commissioner shall have full power and
20 authority to enforce by regulations, orders, bulletins or otherwise
21 all and singular, the provisions of this law, and the full intent
22 thereof. In particular the Commissioner shall have the authority
23 and power:

24

1 1. To examine all records of persons or organizations falling
2 under the jurisdiction of the Commissioner and to require the same
3 to furnish under oath such information as the Commissioner may deem
4 necessary for the administration of this law. The expense of such
5 examination shall be paid by the insurer or advisory organization
6 examined. In lieu of such examination, the Commissioner may, in the
7 discretion of the Commissioner, accept a report of examination made
8 by any other insurance supervisory authority;

9 2. To make and enforce such reasonable bulletins, orders, rules
10 and regulations as may be necessary in making this law effective,
11 but such bulletins, orders, rules and regulations shall not be
12 contrary to or inconsistent with the provisions of this law; and

13 3. To issue an order in accordance with Article II of the
14 Administrative Procedures Act to all parties in interest requiring
15 any person or organization falling under the jurisdiction of the
16 Commissioner to cease and desist from any unfair or unreasonable
17 practice.

18 SECTION 9. AMENDATORY 36 O.S. 2021, Section 332, is
19 amended to read as follows:

20 Section 332. A. ~~The powers and duties of the Patient's Right~~
21 ~~to Pharmacy Choice Commission shall be created by the Insurance~~
22 ~~Commissioner and set forth in the applicable provisions of the~~
23 ~~Insurance Code.~~

1 ~~B.~~ The Insurance Commissioner may conduct such examinations and
2 investigations of ~~insurance~~ matters, within the scope of the
3 authority of the Commissioner, as the Commissioner may deem proper
4 to secure information useful in the lawful administration of the
5 applicable provisions of the Oklahoma Insurance Code and other
6 statutes for which the Commissioner has jurisdiction.

7 ~~C.~~ B. The Insurance Commissioner shall have the authority to
8 employ actuaries, statisticians, accountants, attorneys, auditors,
9 investigators or any other technicians as the Insurance Commissioner
10 may deem necessary or beneficial to examine any filings for rate
11 revisions made by insurers or advisory organizations and to examine
12 such records of the insurers or advisory organizations as may be
13 deemed appropriate in conjunction with the filing for a rate
14 revision in order to determine that the rates or other filings are
15 consistent with the terms, conditions, requirements and purposes of
16 the Insurance Code, and to verify, validate and investigate the
17 information upon which the insurer or advisory organization relies
18 to support such filing.

19 1. The Commissioner shall maintain a list of technicians
20 qualified pursuant to rules adopted by the Commissioner who are
21 proficient in the lines of insurance being reviewed. Upon request
22 of the Commissioner, the Commissioner shall employ the next
23 available technician in rotation on the list, proficient in the line
24 or lines of insurance being reviewed. The Commissioner may deviate

1 from the list when employing technicians for loss cost filings
2 pursuant to Section 901.5 of this title.

3 2. All reasonable expenses incurred in such filing review shall
4 be paid by the insurer or advisory organization making the filing.

5 ~~D.~~ C. The Commissioner shall employ examiners to ensure that
6 the rates which have been approved by or filed with the Commissioner
7 are the rates which are being used by the insurer or by the insurers
8 whose advisory organization has had a rate approval or rate filing.

9 1. Any insurer or ~~pharmacy benefits manager~~ company examined
10 pursuant to the provisions of this section shall pay all reasonable
11 charges incurred in such examination including the actual expense of
12 the Commissioner, ~~the Pharmacy Choice Commission~~ and the expenses
13 and compensation of the authorized representative of the
14 Commissioner and the expense and compensation of assistants and
15 examiners employed therein.

16 2. All expenses incurred in such examination shall be verified
17 by affidavit and a copy shall be filed and kept in the office of the
18 Insurance Commissioner.

19 SECTION 10. AMENDATORY 36 O.S. 2021, Section 350, is
20 amended to read as follows:

21 Section 350. Notwithstanding any other provision of law that
22 requires a particular form and associated payment to be filed with
23 the Insurance Department in paper form, or to be mailed or hand-
24 delivered to the Insurance Department, the Insurance Commissioner

1 may, by appropriate order, require that all filings of that specific
2 type be filed or delivered in an electronic format. Electronic
3 filings shall include payment of any transaction, filing, or other
4 applicable fees.

5 SECTION 11. AMENDATORY 36 O.S. 2021, Section 606.1, is
6 amended to read as follows:

7 Section 606.1. A. 1. Any foreign or alien insurer which is
8 organized under the laws of any other jurisdiction for the purpose
9 of transacting insurance may become a domestic insurer by complying
10 with all of the requirements of law relative to the organization and
11 licensing of a domestic insurer of the same type and by designating
12 its principal place of business at a location in this state,
13 provided, the Insurance Commissioner approves the insurer's
14 application for redomestication ~~following a public hearing.~~ Said
15 Such domestic insurer will be entitled to like certificates and
16 licenses to transact business in this state and shall be subject to
17 the authority and jurisdiction of this state.

18 2. The Commissioner shall approve an insurer's application to
19 redomesticate unless, ~~after a public hearing thereon,~~ he or she
20 finds that:

21 a. the insurer cannot comply with all the requirements of
22 law relative to the organization and licensing of a
23 domestic insurer,

24

- 1 b. after redomestication, the insurer would not be able
2 to satisfy the requirements for the issuance of a
3 license to write the line or lines of insurance for
4 which it is presently licensed,
- 5 c. the effect of the redomestication would be
6 substantially to lessen competition in insurance in
7 this state or tend to create a monopoly therein,
- 8 d. the financial condition of the insurer is such as
9 might jeopardize or prejudice the interest of its
10 policyholders or the state and is not in the public
11 interest, or
- 12 e. the competence, experience and integrity of those
13 persons who control the operation of the insurer are
14 such that it would not be in the interest of the
15 policyholders, the public or the state to permit the
16 redomestication.

17 3. The insurer's application to redomesticate shall contain
18 information acceptable to the Commissioner concerning its financial
19 condition, its plan of operation for the succeeding three (3) years,
20 and information concerning the competence, experience and integrity
21 of those persons who control the operation of the insurer.

22 4. If the Commissioner determines that grounds exist to
23 disapprove the application to redomesticate, a public hearing shall
24 be held. The application for redomestication shall be deemed

1 approved unless the Commissioner has, within thirty (30) days after
2 the conclusion of the hearing, entered his or her order disapproving
3 the redomestication.

4 B. Any domestic insurer may, upon the approval of the Insurance
5 Commissioner, transfer its domicile to any other state in which it
6 is admitted to transact the business of insurance, and upon such a
7 transfer, shall cease to be a domestic insurer, and shall be
8 admitted to this state if qualified as a foreign insurer. The
9 Commissioner shall approve any such proposed transfer unless he or
10 she shall determine such transfer is not in the interest of the
11 policyholders of this state.

12 C. The certificate of authority, agents appointments and
13 licenses, rates, and other items which the Insurance Commissioner
14 allows, in his or her discretion, which are in existence at the time
15 any insurer licensed to transact the business of insurance in this
16 state transfers its corporate domicile to this or any other state by
17 merger, consolidation or any other lawful method shall continue in
18 full force and effect upon such transfer if such insurer remains
19 duly qualified to transact the business of insurance in this state.
20 All outstanding policies and other contracts of any transferring
21 insurer shall remain in full force and effect and need not be
22 endorsed as to the new name of the company or its new location
23 unless so ordered by the Commissioner. Every transferring insurer
24 shall file new policy forms with the Commissioner on or before the

1 effective date of the transfer, but may use existing policy forms
2 with appropriate endorsements if allowed by, and under such
3 conditions as approved by, the Commissioner. However, every such
4 transferring insurer shall notify the Commissioner of the details of
5 the proposed transfer, and shall file promptly, any resulting
6 amendments to corporate documents required to be filed with the
7 Commissioner.

8 D. The Insurance Commissioner may promulgate rules and
9 regulations to carry out the purposes of this section.

10 SECTION 12. AMENDATORY 36 O.S. 2021, Section 607, as
11 amended by Section 1, Chapter 152, O.S.L. 2022 (36 O.S. Supp. 2022,
12 Section 607), is amended to read as follows:

13 Section 607. A. To qualify for and hold authority to transact
14 insurance in Oklahoma an insurer must be otherwise in compliance
15 with the provisions of ~~this~~ the Oklahoma Insurance Code and with its
16 charter powers, and must be an incorporated stock insurer, an
17 incorporated mutual insurer, a mutual benefit association, a
18 nonprofit hospital service and medical indemnity corporation, a
19 farmers mutual fire insurance association, a Lloyd's association or
20 a reciprocal insurer, of the same general type as may be formed as a
21 domestic insurer under this Code; except, that no foreign or alien
22 insurer shall be authorized to transact insurance in Oklahoma which
23 does not maintain reserves as required by Article 15 of this Code

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1 applicable to the kind or kinds of insurance transacted by such
2 insurer.

3 B. No certificate of authority or license to transact any kind
4 of direct insurance business in this state shall be issued, renewed
5 or continued in effect, to any domestic, foreign or alien insurance
6 company or other insurance entity which is owned or financially
7 controlled in whole or in part by another state of the United
8 States, or by a foreign government, or by any political subdivision
9 of either, or which is an agency of any such state, government or
10 subdivision.

11 C. A domestic, foreign, or alien insurance company, or entity
12 thereof which is owned or financially controlled in whole or in part
13 by another state of the United States, a foreign government, or any
14 political subdivision thereof, or which is an agency of any such
15 state, government, or subdivision may apply only for a certificate
16 of authority as a reinsurer. Such insurance company or entity shall
17 establish and maintain a regional home office in this state, in a
18 building owned or leased by the insurer, that employs Oklahoma
19 employees as defined pursuant to Section 625.1 of this title.

20 Insurance companies or entities obtaining a certificate of authority
21 under this subsection shall maintain security deposits pursuant to
22 this ~~code~~ Code in a bank as defined pursuant to Section 102 of Title
23 6 of the Oklahoma Statutes.

24

1 D. Any insurance company or other insurance entity which is
2 owned or financially controlled in whole or in part by any federally
3 recognized American Indian tribe or nation may apply for a
4 certificate of authority or license to transact insurance business
5 in this state and will not be subject to subsection B of this
6 section.

7 E. Insurers under the jurisdiction of the Insurance
8 Commissioner shall keep any contact information deemed necessary by
9 the Commissioner on file with the Insurance Department. Contact
10 information shall be kept current and submitted electronically in
11 the manner and form prescribed by the Commissioner, along with any
12 applicable fees. Any change in contact information shall be
13 submitted within twenty (20) days of the change.

14 SECTION 13. AMENDATORY 36 O.S. 2021, Section 924.1, is
15 amended to read as follows:

16 Section 924.1. A. Any schedule of rates or rating plan for
17 automobile or motorcycle liability and physical damage insurance
18 submitted to or filed with the ~~State~~ Insurance Commissioner shall
19 provide for an appropriate reduction in premium charges for those
20 insured persons for a three-year period after successfully
21 completing a motor vehicle accident prevention course which shall
22 include but not be limited to an automobile or motorcycle accident
23 prevention course as approved by the insurance company of the
24 policyholder. ~~Provided, however, there shall be no reduction in~~

1 ~~premiums for a self-instructed course or a course which does not~~
2 ~~provide for actual classroom or field driving instruction for a~~
3 ~~minimum number of hours as provided in subsection E of this section.~~

4 Provided further, there shall be no reduction in premiums for a
5 course attended pursuant to a court order in connection with a motor
6 vehicle violation or an alcohol- or drug-related offense.

7 B. All insurance companies writing automobile or motorcycle
8 liability and physical damage insurance in this state shall allow an
9 appropriate reduction in premium charges to all eligible persons
10 pursuant to this section.

11 C. Upon successfully completing the approved course, each
12 participant shall be issued by the sponsoring agency of the course,
13 a certificate which shall be the basis of qualification for the
14 discount on insurance.

15 D. Each participant shall successfully complete an approved
16 course each three (3) years to continue to be eligible for the
17 discount on insurance.

18 E. An approved course pursuant to this section shall provide at
19 least six (6) hours of instruction.

20 SECTION 14. AMENDATORY 36 O.S. 2021, Section 1641, is
21 amended to read as follows:

22 Section 1641. The Commissioner may, ~~upon notice and opportunity~~
23 ~~for all interested persons to be heard,~~ issue such rules,
24

1 regulations and orders as shall be necessary to carry out the
2 provisions of ~~this act~~ Section 1631 et seq. of this title.

3 SECTION 15. AMENDATORY 36 O.S. 2021, Section 6124.1, is
4 amended to read as follows:

5 Section 6124.1. A. No prepaid funeral benefit permit shall be
6 transferable from one organization to another except as provided in
7 this section. The selling organization shall notify the Insurance
8 Commissioner at least forty-five (45) days prior to transfer of
9 ownership. Notification shall be in a form provided by the
10 Insurance Commissioner and shall contain at a minimum the following
11 information:

12 1. The name of the acquiring organization;

13 2. The date the acquiring organization will take control of the
14 funeral establishment;

15 3. A listing of all unrealized prepaid funeral benefit
16 contracts funded by insurance assignments;

17 4. A listing of all unrealized prepaid funeral benefit
18 contracts funded by trusts;

19 5. A detailed description of existing trusts to include, but
20 not be limited to, the name of the contract holder and the trust
21 value per contract; and

22 6. Any other information the Insurance Commissioner may
23 request.

24

1 B. The Insurance Commissioner may waive the notice requirement
2 provided for in subsection A of this section upon good cause shown.

3 C. The acquiring organization shall make application for a
4 permit at least thirty (30) days prior to the transfer of ownership.
5 Approval is contingent upon the organization receiving an
6 establishment license as provided for in Sections 395.1 through
7 396.33 of Title 59 of the Oklahoma Statutes. The application shall
8 include an assumption agreement executed by the acquiring
9 organization in a form provided by the Insurance Commissioner.

10 D. The acquiring organization shall be issued a prepaid funeral
11 benefit permit prior to the relinquishment of control of the trust
12 by the selling organization. The acquiring organization shall not
13 access funds held in the trust until authorization has been given by
14 the Insurance Commissioner.

15 E. Upon good cause shown, the Insurance Commissioner may deny
16 transfer of the trust from the selling organization to the acquiring
17 organization.

18 F. The Insurance Commissioner may assume the role of acting
19 trust conservator as a means of safeguarding the rights and
20 interests of the individual contract ~~holder~~ holders or purchasers,
21 their beneficiaries, successors, or personal representatives, or
22 whenever necessary to protect the public welfare. The organization
23 may make application to the Insurance Commissioner to draw down
24 funds upon fulfillment of the prepaid funeral service contract.

1 G. Whenever a prepaid funeral benefit permit holder refuses to
2 submit the books, records, papers and instruments of the prepaid
3 funeral benefit contracts to the examination and inspection of the
4 assistants or examiners of the Insurance Commissioner, or refuses or
5 neglects to establish or maintain a prepaid funeral benefit permit
6 in accordance with the requirements of the Prepaid Funeral Benefits
7 Act within ninety (90) days after a written demand to establish or
8 maintain a prepaid funeral benefit permit is made by the
9 Commissioner, or in any manner obstructs or interferes with the
10 examination of its prepaid funeral benefit contracts or refuses to
11 be examined on oath concerning any of the affairs of its prepaid
12 funeral benefit contracts, or for any other grounds listed in
13 Article 18 or 19 of this title, the Commissioner may make
14 application for receivership in the manner of a domestic insurer or
15 take any other action pursuant to Articles 18 and 19, Sections 1901
16 through 1920 of this title.

17 H. The Insurance Commissioner may prescribe rules concerning
18 matters incidental to this section.

19 I. For the purposes of Sections 6121 through 6136.18 of this
20 title, "personal representative" means the person or persons
21 designated by the purchaser of the contract for prepaid funeral
22 benefits as having rights of ownership and control to the prepaid
23 funds upon death of the purchaser; the guardian, executor, or the
24 personal representative of the estate of the purchaser; or the

1 claiming successor or successors establishing lawful right to the
2 prepaid funds in accordance with Section 393 of Title 58 of the
3 Oklahoma Statutes.

4 SECTION 16. AMENDATORY 36 O.S. 2021, Section 6652, is
5 amended to read as follows:

6 Section 6652. A. No vehicle protection product may be sold or
7 offered for sale in this state unless the seller, warrantor and
8 administrator, if any, comply with the provisions of the Vehicle
9 Protection Product Act.

10 B. Vehicle protection product warrantors and related vehicle
11 protection product sellers and warranty administrators complying
12 with the Vehicle Protection Product Act are not required to comply
13 with and are not subject to any other provisions of the Oklahoma
14 Insurance Code.

15 C. ~~Service~~ Licensed service contract providers ~~who~~ may sell
16 ~~vehicle protection products and are licensed~~ motor vehicle ancillary
17 protection products under the Service Warranty Act in Title 15 of
18 the Oklahoma Statutes ~~are~~ and such sales shall not be subject to the
19 requirements of the Vehicle Protection Product Act ~~and sales.~~

20 Licensed service contract providers may also be registered under the
21 Vehicle Protection Product Act. Sales of the vehicle protection
22 products under the Vehicle Protection Product Act are exempt from
23 the requirements of the Service Warranty Act.

1 ENGROSSED SENATE
2 BILL NO. 542

By: Montgomery of the Senate

and

Sneed of the House

3
4
5
6 An Act relating to the Insurance Department; amending
7 36 O.S. 2021, Sections 350, 606.1, 607, as amended by
8 Section 1, Chapter 152, O.S.L. 2022, 924.1, 1641, and
9 6652 (36 O.S. Supp. 2022, Section 607), which relate
10 to electronic filings, procedures and requirements
11 for insurers, rule promulgation, and compliance;
12 clarifying requirements for certain filings and
13 submissions; modifying public hearing process;
14 modifying required reduction in premium charges for
15 certain insureds; requiring certain insurers maintain
16 up-to-date information with the Insurance
17 Commissioner; updating statutory language; making
18 language gender neutral; updating statutory
19 reference; and providing an effective date.

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

21 SECTION 21. AMENDATORY 36 O.S. 2021, Section 350, is
22 amended to read as follows:

23 Section 350. Notwithstanding any other provision of law that
24 requires a particular form and associated payment to be filed with
the Insurance Department in paper form, or to be mailed or hand-
delivered to the Insurance Department, the Insurance Commissioner
may, by appropriate order, require that all filings of that specific
type be filed or delivered in an electronic format. Electronic

1 filings shall include payment of any transaction, filing, or other
2 applicable fees.

3 SECTION 22. AMENDATORY 36 O.S. 2021, Section 606.1, is
4 amended to read as follows:

5 Section 606.1. A. 1. Any foreign or alien insurer which is
6 organized under the laws of any other jurisdiction for the purpose
7 of transacting insurance may become a domestic insurer by complying
8 with all of the requirements of law relative to the organization and
9 licensing of a domestic insurer of the same type and by designating
10 its principal place of business at a location in this state,
11 provided, the Insurance Commissioner approves the insurer's
12 application for redomestication ~~following a public hearing.~~ Said
13 Such domestic insurer will be entitled to like certificates and
14 licenses to transact business in this state and shall be subject to
15 the authority and jurisdiction of this state.

16 2. The Commissioner shall approve an insurer's application to
17 redomesticate unless, ~~after a public hearing thereon,~~ he or she
18 finds that:

- 19 a. the insurer cannot comply with all the requirements of
20 law relative to the organization and licensing of a
21 domestic insurer,
22 b. after redomestication, the insurer would not be able
23 to satisfy the requirements for the issuance of a
24

1 license to write the line or lines of insurance for
2 which it is presently licensed,

3 c. the effect of the redomestication would be
4 substantially to lessen competition in insurance in
5 this state or tend to create a monopoly therein,

6 d. the financial condition of the insurer is such as
7 might jeopardize or prejudice the interest of its
8 policyholders or the state and is not in the public
9 interest, or

10 e. the competence, experience and integrity of those
11 persons who control the operation of the insurer are
12 such that it would not be in the interest of the
13 policyholders, the public or the state to permit the
14 redomestication.

15 3. The insurer's application to redomesticate shall contain
16 information acceptable to the Commissioner concerning its financial
17 condition, its plan of operation for the succeeding three (3) years,
18 and information concerning the competence, experience and integrity
19 of those persons who control the operation of the insurer.

20 4. If the Commissioner determines that grounds exist to
21 disapprove the application to redomesticate, a public hearing shall
22 be held. The application for redomestication shall be deemed
23 approved unless the Commissioner has, within thirty (30) days after
24

1 the conclusion of the hearing, entered his or her order disapproving
2 the redomestication.

3 B. Any domestic insurer may, upon the approval of the Insurance
4 Commissioner, transfer its domicile to any other state in which it
5 is admitted to transact the business of insurance, and upon such a
6 transfer, shall cease to be a domestic insurer, and shall be
7 admitted to this state if qualified as a foreign insurer. The
8 Commissioner shall approve any such proposed transfer unless he or
9 she shall determine such transfer is not in the interest of the
10 policyholders of this state.

11 C. The certificate of authority, agents appointments and
12 licenses, rates, and other items which the Insurance Commissioner
13 allows, in his or her discretion, which are in existence at the time
14 any insurer licensed to transact the business of insurance in this
15 state transfers its corporate domicile to this or any other state by
16 merger, consolidation or any other lawful method shall continue in
17 full force and effect upon such transfer if such insurer remains
18 duly qualified to transact the business of insurance in this state.
19 All outstanding policies and other contracts of any transferring
20 insurer shall remain in full force and effect and need not be
21 endorsed as to the new name of the company or its new location
22 unless so ordered by the Commissioner. Every transferring insurer
23 shall file new policy forms with the Commissioner on or before the
24 effective date of the transfer, but may use existing policy forms

1 with appropriate endorsements if allowed by, and under such
2 conditions as approved by, the Commissioner. However, every such
3 transferring insurer shall notify the Commissioner of the details of
4 the proposed transfer, and shall file promptly, any resulting
5 amendments to corporate documents required to be filed with the
6 Commissioner.

7 D. The Insurance Commissioner may promulgate rules and
8 regulations to carry out the purposes of this section.

9 SECTION 23. AMENDATORY 36 O.S. 2021, Section 607, as
10 amended by Section 1, Chapter 152, O.S.L. 2022 (36 O.S. Supp. 2022,
11 Section 607), is amended to read as follows:

12 Section 607. A. To qualify for and hold authority to transact
13 insurance in Oklahoma an insurer must be otherwise in compliance
14 with the provisions of ~~this~~ the Oklahoma Insurance Code and with its
15 charter powers, and must be an incorporated stock insurer, an
16 incorporated mutual insurer, a mutual benefit association, a
17 nonprofit hospital service and medical indemnity corporation, a
18 farmers mutual fire insurance association, a Lloyd's association or
19 a reciprocal insurer, of the same general type as may be formed as a
20 domestic insurer under this Code; except, that no foreign or alien
21 insurer shall be authorized to transact insurance in Oklahoma which
22 does not maintain reserves as required by Article 15 of this Code
23 applicable to the kind or kinds of insurance transacted by such
24 insurer.

1 B. No certificate of authority or license to transact any kind
2 of direct insurance business in this state shall be issued, renewed
3 or continued in effect, to any domestic, foreign or alien insurance
4 company or other insurance entity which is owned or financially
5 controlled in whole or in part by another state of the United
6 States, or by a foreign government, or by any political subdivision
7 of either, or which is an agency of any such state, government or
8 subdivision.

9 C. A domestic, foreign, or alien insurance company, or entity
10 thereof which is owned or financially controlled in whole or in part
11 by another state of the United States, a foreign government, or any
12 political subdivision thereof, or which is an agency of any such
13 state, government, or subdivision may apply only for a certificate
14 of authority as a reinsurer. Such insurance company or entity shall
15 establish and maintain a regional home office in this state, in a
16 building owned or leased by the insurer, that employs Oklahoma
17 employees as defined pursuant to Section 625.1 of this title.
18 Insurance companies or entities obtaining a certificate of authority
19 under this subsection shall maintain security deposits pursuant to
20 this ~~code~~ Code in a bank as defined pursuant to Section 102 of Title
21 6 of the Oklahoma Statutes.

22 D. Any insurance company or other insurance entity which is
23 owned or financially controlled in whole or in part by any federally
24 recognized American Indian tribe or nation may apply for a

1 certificate of authority or license to transact insurance business
2 in this state and will not be subject to subsection B of this
3 section.

4 E. Insurers under the jurisdiction of the Insurance

5 Commissioner shall keep any contact information deemed necessary by
6 the Commissioner on file with the Insurance Department. Contact
7 information shall be kept current and submitted electronically in
8 the manner and form prescribed by the Commissioner, along with any
9 applicable fees. Any change in contact information shall be
10 submitted within twenty (20) days of the change.

11 SECTION 24. AMENDATORY 36 O.S. 2021, Section 924.1, is
12 amended to read as follows:

13 Section 924.1. A. Any schedule of rates or rating plan for
14 automobile or motorcycle liability and physical damage insurance
15 submitted to or filed with the ~~State~~ Insurance Commissioner shall
16 provide for an appropriate reduction in premium charges for those
17 insured persons for a three-year period after successfully
18 completing a motor vehicle accident prevention course which shall
19 include but not be limited to an automobile or motorcycle accident
20 prevention course as approved by the insurance company of the
21 policyholder. ~~Provided, however, there shall be no reduction in~~
22 ~~premiums for a self-instructed course or a course which does not~~
23 ~~provide for actual classroom or field driving instruction for a~~
24 ~~minimum number of hours as provided in subsection E of this section.~~

1 Provided further, there shall be no reduction in premiums for a
2 course attended pursuant to a court order in connection with a motor
3 vehicle violation or an alcohol- or drug-related offense.

4 B. All insurance companies writing automobile or motorcycle
5 liability and physical damage insurance in this state shall allow an
6 appropriate reduction in premium charges to all eligible persons
7 pursuant to this section.

8 C. Upon successfully completing the approved course, each
9 participant shall be issued by the sponsoring agency of the course,
10 a certificate which shall be the basis of qualification for the
11 discount on insurance.

12 D. Each participant shall successfully complete an approved
13 course each three (3) years to continue to be eligible for the
14 discount on insurance.

15 E. An approved course pursuant to this section shall provide at
16 least six (6) hours of instruction.

17 SECTION 25. AMENDATORY 36 O.S. 2021, Section 1641, is
18 amended to read as follows:

19 Section 1641. The Commissioner may, ~~upon notice and opportunity~~
20 ~~for all interested persons to be heard,~~ issue such rules,
21 regulations and orders as shall be necessary to carry out the
22 provisions of ~~this act~~ Section 1631 et seq. of this title.

23 SECTION 26. AMENDATORY 36 O.S. 2021, Section 6652, is
24 amended to read as follows:

1 Section 6652. A. No vehicle protection product may be sold or
2 offered for sale in this state unless the seller, warrantor and
3 administrator, if any, comply with the provisions of the Vehicle
4 Protection Product Act.

5 B. Vehicle protection product warrantors and related vehicle
6 protection product sellers and warranty administrators complying
7 with the Vehicle Protection Product Act are not required to comply
8 with and are not subject to any other provisions of the Oklahoma
9 Insurance Code.

10 C. ~~Service~~ Licensed service contract providers ~~who~~ may sell
11 ~~vehicle protection products and are licensed~~ motor vehicle ancillary
12 protection products under the Service Warranty Act in Title 15 of
13 the Oklahoma Statutes and such sales ~~are~~ shall not be subject to the
14 requirements of the Vehicle Protection Product Act ~~and sales~~.
15 Licensed service contract providers may also be registered under the
16 Vehicle Protection Product Act. Sales of the vehicle protection
17 products under the Vehicle Protection Product Act are exempt from
18 the requirements of the Service Warranty Act.

19 D. Warranties, indemnity agreements and guarantees that are not
20 provided as a part of a vehicle protection product are not subject
21 to the provisions of the Vehicle Protection Product Act.

22 SECTION 27. This act shall become effective November 1, 2023.

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