

An Act

ENROLLED SENATE
BILL NO. 524

By: Quinn of the Senate

and

Sneed of the House

An Act relating to workers' compensation insurance; amending 36 O.S. 2021, Section 995, which relates to joint underwriting and reinsurance; removing exception of application of act to CompSource Mutual Insurance Company; directing the Insurance Commissioner to develop and administer an assigned risk plan providing workers' compensation insurance to certain employers; requiring plan include qualification and termination terms; requiring that certain employers receive coverage under plan; authorizing Commissioner to designate third party to develop and administer plan for certain time period; requiring Commissioner 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 85 O.S. 2021, 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, 375.13, and 396, which relate to the CompSource Mutual Insurance Company Act and CompSource information not open to public inspection; providing for codification; and providing an effective date.

SUBJECT: Workers' compensation insurance

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

SECTION 1. AMENDATORY 36 O.S. 2021, Section 995, is amended to read as follows:

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

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

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

~~C.~~ B. Except to the extent modified by this section, joint underwriting, joint reinsurance pool and residual market mechanism activities are subject to the other provisions of the Property and Casualty Competitive Loss Cost Rating Act.

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

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

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

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

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

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

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

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

E. Prior to the operation of the plan established pursuant to the provisions of this section, but in no event later than June 1, 2024, CompSource Mutual Insurance Company, a private, domestic mutual insurance company incorporated in this state and regulated by the Insurance Department, successor-in-interest to CompSource Oklahoma, shall serve as the residual market mechanism for those insureds who would otherwise be in the assigned risk plan.

SECTION 3. REPEALER 85 O.S. 2021, 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, 375.13, and 396, are hereby repealed.

SECTION 4. This act shall become effective November 1, 2022.

Passed the Senate the 16th day of May, 2022.

Presiding Officer of the Senate

Passed the House of Representatives the 17th day of May, 2022.

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: _____