

BILL SUMMARY
2nd Session of the 58th Legislature

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| Bill No.: | SB 1246 |
| Version: | ENGR |
| Request Number: | |
| Author: | Rep. Sneed/Sen. Quinn |
| Date: | 4/11/2022 |
| Impact: | \$0 |

Research Analysis

SB 1246 provides that if the Insurance Commissioner deems that an insurer is in a hazardous financial condition as defined in current law, the Commissioner may require the insurer to secure and maintain from any affiliate with whom the insurer has a service or management agreement either a deposit held by the Commissioner or a bond. When considering whether a bond or deposit is required, the Commissioner should consider whether concerns exist with respect to the affiliated person's ability to fulfill the contract or agreement if the insurer were to be put into liquidation. If the insurer is found to be in such a financial condition as to require supervision or a delinquency proceeding, the Commissioner may determine the amount of the deposit or bond.

The measure also provides that all records and data of the insurer held by an affiliate will remain the property of the insurer and subject to the insurer's control. At the request of the insurer, the affiliate must provide the receiver all records of any type that pertain to the insurer's business, access to the operating systems on which the data is maintained, and the software that runs those systems. Additionally, premiums or other funds held or collected by an affiliate are the exclusive property of the insurer.

Any affiliate that is party to an agreement with a domestic insurer shall also be subject to the jurisdiction of any supervision, seizure, conservatorship or receivership proceedings against the insurer and to the authority of any supervisor, conservator, rehabilitator or liquidator for the insurer if they are an integral part of the insurer's operations and essential to the insurer's ability to fulfill its obligations under insurance policies.

The receivership court may allow alternative procedures and requirements for the filing of proofs of claim or for allowing or proving claims upon the application of the liquidator. If the court dispenses with the requirements of filing a proof of claim by a person, class, or group of persons, a proof of claim for such a person, class, or group will be deemed as having been filed. A person will be placed on the service list to receive notice of matters filed by the receiver upon receiving written notice. Responsibility for requesting notice to inform the receiver in writing of any changes to his or her address, or to request that his or her name be deleted from the service list will lie with the person requesting such notice. The measure also outlines procedures relating to notice and hearing of any matter submitted by the receiver to the receivership court for approval and provides the objection process. The measure also updates statutory language relating to reciprocal states.

Prepared By: Dan Brooks

Fiscal Analysis

According to the Oklahoma Insurance Department, there is no fiscal impact from this measure. Therefore, there should be no fiscal impact to the State.

Prepared By: Mariah Searock

Other Considerations

None.