

BILL SUMMARY
1st Session of the 58th Legislature

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| Bill No.: | SB 887 |
| Version: | Engrossed Senate |
| Request Number: | N/A |
| Author: | Rep. Sneed |
| Date: | 4/5/2021 |
| Impact: | \$0 |

Research Analysis

SB 887 authorizes the Insurance Commissioner to fine insurance carriers for failing to file a market conduct statement for up to \$1,000.00 for each occurrence. The measure also provides for a Business Character Report to contain data that is up to six months old instead of one year. Insurance carriers are also authorized to provide reasonable exceptions to the rate of the insurer, rating classifications, company or tier placement, or underwriting rules or guidelines for a consumer who has experienced and whose credit information has been directly influenced by certain catastrophic events outlined in the measure. Applicants for the exception must request the exception in writing. The measure additionally authorizes the Oklahoma Automobile Insurance Plan to issue policies of insurance in the name of the plan for the applicants as it relates to equitable apportionment. Participating members shall be liable to the plan for all costs, expenses, and liabilities in proportion to its share of voluntary market premium and must file an annual audited financial statement with the Commissioner.

The measure provides for surplus line licensees to be fined \$25.00 per policy for failing to remit the surplus line tax. Additionally, the measure requires insurers to reimburse clean claims filed electronically within one year and provides for notices of expiration for claims to be given not more than one year after the date of the loss. The measure also creates the Motor Service Club limited lines category for limited line insurance. Nonresident administrators shall also be required to notify the Commission of any termination of employment within 30 days instead of 15. Any entity making application to the Oklahoma Insurance Department as a third-party administrator (TPA) or within 30 days of a change for a licensed TPA shall provide current National Association of Insurance Commissioners Biographical Affidavits and independent third-party background reports from a NAIC-approved vendor on behalf of all officers.

The measure increases the licensing fee for limited line producers to \$40.00. The measure modifies the membership of the Oklahoma Property and Casualty Insurance Guaranty Association and authorizes each insurer to appoint an alternate representative. Any person serving as an alternate representative shall, while serving, have all the powers and responsibilities of the appointed insurer representative. Additionally, the Association may use legal postings on its website to satisfy notification requirements.

The measure provides for insurance policies issued by members and later transferred to another insurer to be considered to have been issued by a member insurer which is an insolvent insurer in the event that the insurer to which the policy has been transferred. Prepaid funeral benefit permit holders are prohibited from changing the name under which the permit holder operates unless they receive permission to do so from the Commissioner. The permit holder must first obtain permission for such a change from the Commissioner 30 days prior to the change. The Commissioner may deny or approve any request to change the name. Certificates of dormancy, as defined by the measure, may be issued by the Commissioner. Dormant captive insurance

companies are companies that ceased transacting the business of insurance and have no remaining liabilities. Such companies shall not be liable for any insurance taxes and may possess a total of \$25,000.00 in unimpaired, paid-in capital, and surplus funds. Dormant companies shall be subject to examination by the Commissioner. The measure modifies the date by which the Insurance Commissioner must make certain reports provided to the Commissioner available to the public from June 1 to December 31 of each year.

Prepared By: Dan Brooks

Fiscal Analysis

According to officials at the Oklahoma Insurance Department, SB 887 in its current form does not create a fiscal impact for OID. Additionally, as OID is a nonappropriated agency, there is no fiscal impact for the State.

Prepared By: Mariah Searock

Other Considerations

None.