

**Bill Summary**  
1<sup>st</sup> Session of the 58<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB 887</b>
<b>Version:</b>	<b>HASB</b>
<b>Request No.:</b>	
<b>Author:</b>	<b>Sen. Quinn</b>
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**Bill 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 6 months old instead of 1 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 1 year and provides for notices of expiration for claims to be given not more than 1 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 also 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.

Additionally, the measure clarifies in the event an insurance company cancels any personal residential insurance coverage, notice of the cancellation is required to be provided by the insured to the insurer. The measure also requires the cancellation notice to provide the date of cancellation of the policy and the insurance company is required to reimburse the insured for any premiums paid for coverage beyond the date of cancellation. The measure provides that in the event an insured cancels a homeowner's policy or any other personal residential insurance coverage, a notice is required to be provided by the insured to the prior insurer. An insurer canceling any personal residential coverage is required to make the cancellation of coverage effective as of the date of the inception of the new coverage and the insurer will not be liable for claims arising after the date of inception.

### **House Amendments**

HA's to the measure add language relating to the cancellation of homeowner and providing notice as well as requiring the cancellation of residential coverage to make the cancellation of coverage effective as of the date of the inception of the new coverage and the insurer will not be liable for claims arising after the date of inception.

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