

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB3718 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Terry ODonnell _____

Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 59th Legislature (2024)

3 PROPOSED COMMITTEE
4 SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 3718

By: O'Donnell

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8 PROPOSED COMMITTEE SUBSTITUTE

9 An Act relating to insurance; stating purpose of
10 enactment; making legislative findings; defining
11 term; providing for scope of act; providing for
12 construction of act; prohibiting use of certain
13 factors in establishing premiums; providing standard
14 for determination of compliance with act; providing
15 for effect of act upon rulemaking authority of the
16 Oklahoma Insurance Department; providing for
17 codification; and providing an effective date.

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

19 SECTION 1. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 7501 of Title 36, unless there
21 is created a duplication in numbering, reads as follows:

22 A. The purpose of this act is to regulate the use of
23 environmental, social, or governance models, scores, factors, or
24 standards to define acts or practices that may be unfair
discrimination in the business of insurance in this state.

1 B. The Legislature finds that there are numerous entities that
2 have developed different environmental, social, or governance
3 models, scores, factors, or standards that are used to:

4 1. Evaluate financial risks for investments in certain
5 businesses or industries; or

6 2. Encourage or discourage business dealings or investments
7 with certain types of businesses or industries.

8 C. To the extent that the use of such models, scores, factors,
9 or standards are not based on sound actuarial principles, or do not
10 bear a reasonable relationship to the expected loss and expense
11 experience related to insurance risks, the rating of certain
12 businesses or risks in this state without an ordinary insurance
13 business purpose may adversely affect the economy, a sector of the
14 economy, productivity, competition, jobs, the environment, or the
15 public health and safety of this state or a portion of this state.

16 SECTION 2. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 7502 of Title 36, unless there
18 is created a duplication in numbering, reads as follows:

19 As used in this act, "insurer" means an insurance company or
20 other entity authorized to engage in the business of insurance in
21 this state. The term includes:

- 22 1. A stock or mutual property and casualty insurance company;
- 23 2. A Lloyd's plan;
- 24 3. A reciprocal or interinsurance exchange;

- 1 4. A county mutual insurance company;
- 2 5. A farm mutual insurance company;
- 3 6. Any insurer writing a line of insurance regulated by Title
- 4 10;
- 5 7. All life, health, and accident insurance companies regulated
- 6 by the department, including:
 - 7 a. a stock or mutual life, health, or accident insurance
 - 8 company,
 - 9 b. a fraternal benefit society,
 - 10 c. a nonprofit hospital, medical, or dental service
 - 11 corporation, including a group hospital service
 - 12 corporation operating under Chapter 842, and
 - 13 d. a stipulated premium company; and
- 14 8. A health maintenance organization operating under Chapter
- 15 843.

16 SECTION 3. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 7503 of Title 36, unless there
18 is created a duplication in numbering, reads as follows:

19 A. Except as provided by this section, this act applies only to
20 insurance policies issued and delivered by an insurer in this state.

21 B. This act does not require the filing of rates for any line,
22 type of insurer, or type of insurance business that is not
23 specifically required by statute to file rates with the Oklahoma
24 Insurance Department.

1 C. This act does not apply to:

2 1. Fidelity, guaranty, and surety bonds; or

3 2. Crop insurance.

4 SECTION 4. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 7504 of Title 36, unless there
6 is created a duplication in numbering, reads as follows:

7 A. This act shall be construed and applied to promote the
8 underlying purposes as provided by Section 1 of this act.

9 B. This act may not be construed or applied to require:

10 1. An insurer to write any line or type of business that the
11 insurer does not write; or

12 2. A material change in the insurer's current business plans.

13 C. Nothing in this act is intended to create any type of
14 private cause of action or independent basis in a civil or criminal
15 proceeding.

16 D. Nothing in this act is intended to prohibit the use of
17 information that is relevant and related to the risk being insured
18 even if that information may also be used or considered in
19 developing an environmental, social, or governance model, score,
20 factor, or standard.

21 SECTION 5. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 7505 of Title 36, unless there
23 is created a duplication in numbering, reads as follows:

1 Except as provided by Section 6 of this act, an insurer may not
2 use an environmental, social, or governance model, score, factor, or
3 standard to charge a rate different than the rate charged to another
4 business or risk in the same class for essentially the same hazard.

5 SECTION 6. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 7506 of Title 36, unless there
7 is created a duplication in numbering, reads as follows:

8 An insurer does not violate Section 5 of this act if the
9 insurer's actions are based on an ordinary insurance business
10 purpose, including the use of sound actuarial principles, or
11 financial solvency considerations reasonably related to loss
12 experience for the different types of risks and coverages made
13 available by a particular insurer.

14 SECTION 7. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 7507 of Title 36, unless there
16 is created a duplication in numbering, reads as follows:

17 Nothing in this act is intended to authorize the Oklahoma
18 Insurance Department to adopt any rule, model, or standard requiring
19 an insurer to use any environmental, social, or governance model
20 law, regulation, or other standard that has not been specifically
21 authorized by statute, including:

22 1. A rule, model, or standard required under any federal law
23 that does not preempt state law under the McCarran-Ferguson Act (15
24 U.S.C. Section 1012(b)); or

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2. A rule, model, or standard required by any national organization, including the National Association of Insurance Commissioners, that has not been specifically authorized by statute.

SECTION 8. This act shall become effective November 1, 2024.

59-2-10032 MAH 02/14/24