

1 **SENATE FLOOR VERSION**

2 February 7, 2023

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 542

6 By: Montgomery of the Senate

7 and

8 Sneed of the House

9 An Act relating to the Insurance Department; amending
10 36 O.S. 2021, Sections 350, 606.1, 607, as amended by
11 Section 1, Chapter 152, O.S.L. 2022, 924.1, 1641, and
12 6652 (36 O.S. Supp. 2022, Section 607), which relate
13 to electronic filings, procedures and requirements
14 for insurers, rule promulgation, and compliance;
15 clarifying requirements for certain filings and
16 submissions; modifying public hearing process;
17 modifying required reduction in premium charges for
18 certain insureds; requiring certain insurers maintain
19 up-to-date information with the Insurance
20 Commissioner; updating statutory language; making
21 language gender neutral; updating statutory
22 reference; and providing an effective date.

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

24 SECTION 1. AMENDATORY 36 O.S. 2021, Section 350, is
amended to read as follows:

Section 350. Notwithstanding any other provision of law that
requires a particular form and associated payment to be filed with
the Insurance Department in paper form, or to be mailed or hand-
delivered to the Insurance Department, the Insurance Commissioner

1 may, by appropriate order, require that all filings of that specific
2 type be filed or delivered in an electronic format. Electronic
3 filings shall include payment of any transaction, filing, or other
4 applicable fees.

5 SECTION 2. AMENDATORY 36 O.S. 2021, Section 606.1, is
6 amended to read as follows:

7 Section 606.1. A. 1. Any foreign or alien insurer which is
8 organized under the laws of any other jurisdiction for the purpose
9 of transacting insurance may become a domestic insurer by complying
10 with all of the requirements of law relative to the organization and
11 licensing of a domestic insurer of the same type and by designating
12 its principal place of business at a location in this state,
13 provided, ~~the Insurance Commissioner approves the insurer's~~
14 ~~application for redomestication following a public hearing. Said~~
15 Such domestic insurer will be entitled to like certificates and
16 licenses to transact business in this state and shall be subject to
17 the authority and jurisdiction of this state.

18 2. The Commissioner shall approve an insurer's application to
19 redomesticate unless, ~~after a public hearing thereon,~~ he or she
20 finds that:

21 a. the insurer cannot comply with all the requirements of
22 law relative to the organization and licensing of a
23 domestic insurer,
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1 b. after redomestication, the insurer would not be able
2 to satisfy the requirements for the issuance of a
3 license to write the line or lines of insurance for
4 which it is presently licensed,

5 c. the effect of the redomestication would be
6 substantially to lessen competition in insurance in
7 this state or tend to create a monopoly therein,

8 d. the financial condition of the insurer is such as
9 might jeopardize or prejudice the interest of its
10 policyholders or the state and is not in the public
11 interest, or

12 e. the competence, experience and integrity of those
13 persons who control the operation of the insurer are
14 such that it would not be in the interest of the
15 policyholders, the public or the state to permit the
16 redomestication.

17 3. The insurer's application to redomesticate shall contain
18 information acceptable to the Commissioner concerning its financial
19 condition, its plan of operation for the succeeding three (3) years,
20 and information concerning the competence, experience and integrity
21 of those persons who control the operation of the insurer.

22 4. If the Commissioner determines that grounds exist to
23 disapprove the application to redomesticate, a public hearing shall
24 be held. The application for redomestication shall be deemed

1 approved unless the Commissioner has, within thirty (30) days after
2 the conclusion of the hearing, entered his or her order disapproving
3 the redomestication.

4 B. Any domestic insurer may, upon the approval of the Insurance
5 Commissioner, transfer its domicile to any other state in which it
6 is admitted to transact the business of insurance, and upon such a
7 transfer, shall cease to be a domestic insurer, and shall be
8 admitted to this state if qualified as a foreign insurer. The
9 Commissioner shall approve any such proposed transfer unless he or
10 she shall determine such transfer is not in the interest of the
11 policyholders of this state.

12 C. The certificate of authority, agents appointments and
13 licenses, rates, and other items which the Insurance Commissioner
14 allows, in his or her discretion, which are in existence at the time
15 any insurer licensed to transact the business of insurance in this
16 state transfers its corporate domicile to this or any other state by
17 merger, consolidation or any other lawful method shall continue in
18 full force and effect upon such transfer if such insurer remains
19 duly qualified to transact the business of insurance in this state.
20 All outstanding policies and other contracts of any transferring
21 insurer shall remain in full force and effect and need not be
22 endorsed as to the new name of the company or its new location
23 unless so ordered by the Commissioner. Every transferring insurer
24 shall file new policy forms with the Commissioner on or before the

1 effective date of the transfer, but may use existing policy forms
2 with appropriate endorsements if allowed by, and under such
3 conditions as approved by, the Commissioner. However, every such
4 transferring insurer shall notify the Commissioner of the details of
5 the proposed transfer, and shall file promptly, any resulting
6 amendments to corporate documents required to be filed with the
7 Commissioner.

8 D. The Insurance Commissioner may promulgate rules and
9 regulations to carry out the purposes of this section.

10 SECTION 3. AMENDATORY 36 O.S. 2021, Section 607, as
11 amended by Section 1, Chapter 152, O.S.L. 2022 (36 O.S. Supp. 2022,
12 Section 607), is amended to read as follows:

13 Section 607. A. To qualify for and hold authority to transact
14 insurance in Oklahoma an insurer must be otherwise in compliance
15 with the provisions of ~~this~~ the Oklahoma Insurance Code and with its
16 charter powers, and must be an incorporated stock insurer, an
17 incorporated mutual insurer, a mutual benefit association, a
18 nonprofit hospital service and medical indemnity corporation, a
19 farmers mutual fire insurance association, a Lloyd's association or
20 a reciprocal insurer, of the same general type as may be formed as a
21 domestic insurer under this Code; except, that no foreign or alien
22 insurer shall be authorized to transact insurance in Oklahoma which
23 does not maintain reserves as required by Article 15 of this Code

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1 applicable to the kind or kinds of insurance transacted by such
2 insurer.

3 B. No certificate of authority or license to transact any kind
4 of direct insurance business in this state shall be issued, renewed
5 or continued in effect, to any domestic, foreign or alien insurance
6 company or other insurance entity which is owned or financially
7 controlled in whole or in part by another state of the United
8 States, or by a foreign government, or by any political subdivision
9 of either, or which is an agency of any such state, government or
10 subdivision.

11 C. A domestic, foreign, or alien insurance company, or entity
12 thereof which is owned or financially controlled in whole or in part
13 by another state of the United States, a foreign government, or any
14 political subdivision thereof, or which is an agency of any such
15 state, government, or subdivision may apply only for a certificate
16 of authority as a reinsurer. Such insurance company or entity shall
17 establish and maintain a regional home office in this state, in a
18 building owned or leased by the insurer, that employs Oklahoma
19 employees as defined pursuant to Section 625.1 of this title.

20 Insurance companies or entities obtaining a certificate of authority
21 under this subsection shall maintain security deposits pursuant to
22 this ~~code~~ Code in a bank as defined pursuant to Section 102 of Title
23 6 of the Oklahoma Statutes.

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1 D. Any insurance company or other insurance entity which is
2 owned or financially controlled in whole or in part by any federally
3 recognized American Indian tribe or nation may apply for a
4 certificate of authority or license to transact insurance business
5 in this state and will not be subject to subsection B of this
6 section.

7 E. Insurers under the jurisdiction of the Insurance
8 Commissioner shall keep any contact information deemed necessary by
9 the Commissioner on file with the Insurance Department. Contact
10 information shall be kept current and submitted electronically in
11 the manner and form prescribed by the Commissioner, along with any
12 applicable fees. Any change in contact information shall be
13 submitted within twenty (20) days of the change.

14 SECTION 4. AMENDATORY 36 O.S. 2021, Section 924.1, is
15 amended to read as follows:

16 Section 924.1. A. Any schedule of rates or rating plan for
17 automobile or motorcycle liability and physical damage insurance
18 submitted to or filed with the ~~State~~ Insurance Commissioner shall
19 provide for an appropriate reduction in premium charges for those
20 insured persons for a three-year period after successfully
21 completing a motor vehicle accident prevention course which shall
22 include but not be limited to an automobile or motorcycle accident
23 prevention course as approved by the insurance company of the
24 policyholder. ~~Provided, however, there shall be no reduction in~~

1 ~~premiums for a self-instructed course or a course which does not~~
2 ~~provide for actual classroom or field driving instruction for a~~
3 ~~minimum number of hours as provided in subsection E of this section.~~

4 Provided further, there shall be no reduction in premiums for a
5 course attended pursuant to a court order in connection with a motor
6 vehicle violation or an alcohol- or drug-related offense.

7 B. All insurance companies writing automobile or motorcycle
8 liability and physical damage insurance in this state shall allow an
9 appropriate reduction in premium charges to all eligible persons
10 pursuant to this section.

11 C. Upon successfully completing the approved course, each
12 participant shall be issued by the sponsoring agency of the course,
13 a certificate which shall be the basis of qualification for the
14 discount on insurance.

15 D. Each participant shall successfully complete an approved
16 course each three (3) years to continue to be eligible for the
17 discount on insurance.

18 E. An approved course pursuant to this section shall provide at
19 least six (6) hours of instruction.

20 SECTION 5. AMENDATORY 36 O.S. 2021, Section 1641, is
21 amended to read as follows:

22 Section 1641. The Commissioner may, ~~upon notice and opportunity~~
23 ~~for all interested persons to be heard,~~ issue such rules,
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1 regulations and orders as shall be necessary to carry out the
2 provisions of ~~this act~~ Section 1631 et seq. of this title.

3 SECTION 6. AMENDATORY 36 O.S. 2021, Section 6652, is
4 amended to read as follows:

5 Section 6652. A. No vehicle protection product may be sold or
6 offered for sale in this state unless the seller, warrantor and
7 administrator, if any, comply with the provisions of the Vehicle
8 Protection Product Act.

9 B. Vehicle protection product warrantors and related vehicle
10 protection product sellers and warranty administrators complying
11 with the Vehicle Protection Product Act are not required to comply
12 with and are not subject to any other provisions of the Oklahoma
13 Insurance Code.

14 C. Service Licensed service contract providers ~~who~~ may sell
15 ~~vehicle protection products and are licensed~~ motor vehicle ancillary
16 protection products under the Service Warranty Act in Title 15 of
17 the Oklahoma Statutes and such sales ~~are~~ shall not be subject to the
18 requirements of the Vehicle Protection Product Act ~~and sales.~~
19 Licensed service contract providers may also be registered under the
20 Vehicle Protection Product Act. Sales of the vehicle protection
21 products under the Vehicle Protection Product Act are exempt from
22 the requirements of the Service Warranty Act.

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1 D. Warranties, indemnity agreements and guarantees that are not
2 provided as a part of a vehicle protection product are not subject
3 to the provisions of the Vehicle Protection Product Act.

4 SECTION 7. This act shall become effective November 1, 2023.

5 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE
6 February 7, 2023 - DO PASS AS AMENDED
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