

1                     **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                     STATE OF OKLAHOMA

3                     1st Session of the 60th Legislature (2025)

4 HOUSE BILL 1160

                                   By: Tedford of the House

5   and

6   **Reinhardt** of the Senate

7

8

9   AS INTRODUCED

10                     An Act relating to insurance; amending 36 O.S. 2021,  
11                     Sections 2002, 2003, 2004, 2007, 2009, 2020.1, and  
12                     2020.2, which relate to the Oklahoma Property and  
13                     Casualty Insurance Guaranty Association Act;  
14                     modifying purpose; modifying applicability; modifying  
15                     definitions; providing definitions; modifying the  
16                     powers and duties of the Association; clarifying  
17                     parties; clarifying timelines; permitting the  
18                     Association to join certain organizations; permitting  
19                     the Association to make certain payments; prohibiting  
20                     use of the existence of the Association to sell or  
21                     solicit insurance; clarifying that certain records  
22                     are not public records; providing exceptions;  
23                     providing for codification; and providing an  
24                     effective date.

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

                                   SECTION 1.            AMENDATORY            36 O.S. 2021, Section 2002, is  
amended to read as follows:

                                   Section 2002.   A.   The purpose of the Oklahoma Property and  
Casualty Insurance Guaranty Association Act is to provide a

1 mechanism for the payment of covered claims under certain insurance  
2 policies, to avoid excessive delay in payment, ~~to avoid~~ and to the  
3 extent provided in this act, minimize financial loss to claimants or  
4 policyholders because of the insolvency of an insurer, and to  
5 provide an association to assess the cost of protection among  
6 insurers.

7 B. The Oklahoma Property and Casualty Insurance Guaranty  
8 Association Act shall be construed to effect the purpose provided  
9 for in subsection A of this section which shall constitute an aid  
10 and guide to interpretation of the Oklahoma Property and Casualty  
11 Insurance Guaranty Association Act.

12 SECTION 2. AMENDATORY 36 O.S. 2021, Section 2003, is  
13 amended to read as follows:

14 Section 2003. The Oklahoma Property and Casualty Insurance  
15 Guaranty Association Act shall apply to all kinds of direct  
16 insurance, but shall not be applicable to the following:

- 17 1. Life, annuity, health, or disability insurance;
- 18 2. Ocean marine insurance;
- 19 3. Fidelity or surety bonds, or any other bonding obligations;
- 20 4. Title, as defined in Sections 702, 703, 705, 708 and 709 of  
21 this title, mortgage or financial guaranty insurance or other forms  
22 of insurance offering protection against investment risks;

23  
24

1 5. Credit insurance, insurance of warranties or service  
2 contracts, annuities, vendors single interest insurance, collateral  
3 protection insurance; ~~and~~

4 6. Any transaction or combination of transactions between a  
5 person, including affiliates of the person, and an insurer,  
6 including affiliates of the insurer, which involves the transfer of  
7 investment or credit risk unaccompanied by transfer of investment  
8 risk; and

9 7. Any insurance provided by or guaranteed by a government.

10 SECTION 3. AMENDATORY 36 O.S. 2021, Section 2004, is  
11 amended to read as follows:

12 Section 2004. As used in the Oklahoma Property and Casualty  
13 Insurance Guaranty Association Act:

14 1. "Affiliate" means a person who directly or indirectly,  
15 through one or more intermediaries, controls, is controlled by, or  
16 is under common control with another person on December 31 of the  
17 year next preceding the date the insurer becomes an insolvent  
18 insurer;

19 2. "Association" means the Oklahoma Property and Casualty  
20 Insurance Guaranty Association as created in Section 2005 of this  
21 title;

22 3. "Assumed claims transaction" means:

23 a. policy obligations that have been assumed by the  
24 insolvent insurer, prior to the entry of a final order

1 of liquidation, pursuant to a plan, approved by a  
2 domestic commissioner of the assuming insurer, which  
3 transfers the direct policy obligations and future  
4 policy renewals from one insurer to another insurer,  
5 or

6 b. an assumption reinsurance transaction in which all of  
7 the following have occurred:

8 (1) the insolvent insurer assumed, prior to the entry  
9 of a final order of liquidation, the claim or  
10 policy obligations of another insurer under the  
11 claims or policies,

12 (2) the assumption of the claim or policy obligations  
13 has been approved, if an approval is required, by  
14 the appropriate regulatory authorities, and

15 (3) as a result of the assumption, the claim or  
16 policy obligations became the direct obligations  
17 of the insolvent insurer through novation of the  
18 claims or policies;

19 4. "Claimant" means any person instituting a covered claim;  
20 provided that no person who is an affiliate of the insolvent insurer  
21 may be a claimant;

22 5. "Commissioner" means the Insurance Commissioner of Oklahoma;

23 6. "Control" means the possession, direct or indirect, of the  
24 power to direct or cause the direction of the management and

1 policies of a person, whether through the ownership of voting  
2 securities, by contract other than a commercial contract for goods  
3 or nonmanagement services, or otherwise, unless the power is the  
4 result of an official position with or corporate office held by the  
5 person. Control shall be presumed to exist if a person, directly or  
6 indirectly, owns, controls, holds with the power to vote, or holds  
7 proxies representing ten percent (10%) or more of the voting  
8 securities of any other person. This presumption may be rebutted by  
9 a showing that control does not exist in fact;

10 7. "Covered claim" means:

11 a. an unpaid claim, including one of unearned premiums,  
12 submitted by a claimant, which arises out of and is  
13 within the coverage and is subject to the applicable  
14 limits of an insurance policy to which this act  
15 applies, if the insurer becomes an insolvent insurer  
16 after the effective date of this act and the policy  
17 was issued by the insurer, and:

18 (1) the claimant or insured is a resident of this  
19 state at the time of the insured event, provided  
20 that for entities other than an individual, the  
21 residence of a claimant or insured is the state  
22 in which its principal place of business is  
23 located at the time of the insured event, or  
24

1           (2) the claim is a first-party claim for damage to  
2           property from which the claim arises is  
3           ~~permanently located~~ with a permanent location in  
4           this state,

5       b. "Covered claim" includes claim obligations that arose  
6       through the issuance of an insurance policy by a  
7       member insurer, which are later allocated,  
8       transferred, merged into, novated, assumed by, or  
9       otherwise made the sole responsibility of a member or  
10       nonmember insurer if:

11       (1) the original member insurer has no remaining  
12       obligations on the policy after the transfer,

13       (2) a final order of liquidation with a finding of  
14       insolvency has been entered against the insurer  
15       that assumed the member's coverage obligations by  
16       a court of competent jurisdiction in the  
17       insurer's state of domicile,

18       (3) the claim would have been a covered claim, as  
19       defined in subparagraph a of paragraph 7 of this  
20       section, if the claim had remained the  
21       responsibility of the original member insurer and  
22       the order of liquidation had been entered against  
23       the original member insurer, with the same claim  
24       submission date and liquidation date, and

1           (4) in cases where the member's coverage obligations  
2           were assumed by a nonmember insurer, the  
3           transaction received prior regulatory or judicial  
4           approval,

5           c. "Covered claim" shall not include:

- 6           (1) any amount awarded as punitive or exemplary  
7           damages,  
8           (2) any amount sought as a return of premium under  
9           any retrospective rating plan,  
10          (3) any amount due any reinsurer, insurer, insurance  
11          pool, or underwriting association, health  
12          maintenance organization, hospital plan  
13          corporation, professional health service  
14          corporation or self-insurer as subrogation  
15          recoveries, reinsurance recoveries, contribution,  
16          indemnification or otherwise. No claim for any  
17          amount due any reinsurer, insurer, insurance  
18          pool, or underwriting association, health  
19          maintenance organization, hospital plan  
20          corporation, professional health service  
21          corporation or self-insurer may be asserted  
22          against a person insured under a policy issued by  
23          an insolvent insurer other than to the extent the  
24          claim exceeds the association obligation

1 limitations set ~~for~~ forth in Section 2007 of this  
2 title,

3 (4) any claims excluded pursuant to Section ~~15~~ 2020.2  
4 of this ~~act~~ title due to the high net worth of an  
5 insured,

6 (5) any first-party claims by an insured that is an  
7 affiliate of the insolvent company,

8 (6) any fee or other amount relating to goods or  
9 services sought by or on behalf of any attorney  
10 or other provider of goods and services retained  
11 by the insolvent insurer or an insured prior to  
12 the date it was determined to be insolvent,

13 (7) any fee or other amount sought by or on behalf of  
14 any attorney or other provider of goods and  
15 services retained by any insured or claimant in  
16 connection with the assertion or prosecution of  
17 any claim, covered or otherwise, against the  
18 Association,

19 (8) any claims for interest,

20 (9) any claim filed with the association or a  
21 liquidator for protection afforded under the  
22 policy of the insured for incurred-but-not-  
23 reported losses, or  
24



1 (10) notwithstanding any other provision of this act  
2 or any other law to the contrary, a claim that is  
3 filed with the ~~association~~ Association on the  
4 earlier of:

5 (a) the final date set by the court for filing  
6 of claims against the liquidator or receiver  
7 of an insolvent insurer, or

8 (b) a date that is later than eighteen (18)  
9 months after the date of the order of  
10 liquidation or that is unknown and  
11 unreported as of said date; provided,  
12 however, that this shall not include any  
13 claim for workers' compensation benefits  
14 pursuant to Title 85A of the Oklahoma  
15 Statutes and the applicable rules of OAC  
16 Title 810;

17 8. "Cybersecurity insurance", for purposes of this act,  
18 includes first-party and third-party coverage, in a policy or  
19 endorsement, written on a direct, admitted basis for losses and loss  
20 mitigation arising out of or relating to data privacy breaches,  
21 unauthorized information network, security intrusions, computer  
22 viruses, ransomware, cyber extortion, identity theft, and similar  
23 exposures;  
24

1        9. "Insolvent insurer" means an insurer that is licensed to  
2 transact insurance in this state either at the time the policy was  
3 issued, when the obligation with respect to the covered claim was  
4 assumed under an assumed claims transaction, or when the insured  
5 event occurred and against whom a final order of liquidation has  
6 been entered after the effective date of this act with a finding of  
7 insolvency by a court of competent jurisdiction in the state of  
8 domicile of the insurer;

9        ~~9.~~ 10. "Insured" means any named insured, any additional  
10 insured, any vendor, lessor or any other party identified as an  
11 insured under the policy;

12        ~~10.~~

13        11. a. "Member insurer" means any person who:

- 14                    (1) writes any kind of direct insurance to which the  
15                    Oklahoma Property and Casualty Insurance Guaranty  
16                    Association Act applies pursuant to Section 2003  
17                    of this title, including the exchange of  
18                    reciprocal or inter-insurance contracts, and  
19                    (2) is licensed to transact insurance in this state,  
20                    except those insurers enumerated in Section 110  
21                    of this title or those insurers that are  
22                    otherwise exempted by law or order of the  
23                    Commissioner.;

24

1           b. An insurer shall cease to be a member insurer  
2           effective on the day following the termination or  
3           expiration of its license to transact the kinds of  
4           insurance to which the Oklahoma Property and Casualty  
5           Insurance Guaranty Association Act applies; however,  
6           the insurer shall be liable as a member insurer for  
7           any and all obligations, including but not limited to  
8           obligations for assessments levied after the  
9           termination or expiration, which relate to any insurer  
10          that becomes an insolvent insurer prior to the  
11          termination or expiration of the license of the  
12          insurer; and

13          c. "Member insurer" does not mean:

14           (1) a "surplus lines insurer" or a person writing  
15           surplus lines insurance as defined in Section  
16           1101.1 of this title, or

17           (2) a "risk retention group" as defined in Section  
18           6453 of this title, or

19           (3) a "captive insurance company" as defined in  
20           Section 6470.2 of this title;

21          ~~11.~~ 12. "Net direct written premiums" means direct gross  
22          premiums written in this state on insurance policies to which this  
23          act applies, including but not limited to policy and membership  
24          fees, less the following amounts:

- 1 a. return premiums,  
2 b. premiums on policies not taken, and  
3 c. dividends paid or credited to policyholders on direct  
4 business. "Net direct written premiums" does not  
5 include premiums on contracts between insurers or  
6 reinsurers;

7 ~~12.~~ 13. "Novation" means that the assumed claim or policy  
8 obligations became the direct obligations of the insolvent insurer  
9 through consent of the policyholder and that thereafter the ceding  
10 insurer or entity initially obligated under the claims or policies  
11 is released by the policyholder from performing its claim or policy  
12 obligations. Consent shall be express and an implied novation shall  
13 not be allowed for the purposes, implementation and application of  
14 the Oklahoma Property and Casualty Insurance Guaranty Association  
15 Act;

16 ~~13.~~ 14. "Person" means the individual or other entities as  
17 defined in Section 104 of this title;

18 ~~14.~~ 15. "Receiver" means liquidator, rehabilitator, conservator  
19 or ancillary receiver, as the context requires; and

20 ~~15.~~ 16. "Self-insurer" means a person who covers its liability  
21 through a qualified individual or group self-insurance program or  
22 any other formal program created for the specific purpose of  
23 covering liabilities typically covered by insurance.

1 SECTION 4. AMENDATORY 36 O.S. 2021, Section 2007, is  
2 amended to read as follows:

3 Section 2007. A. The Oklahoma Property and Casualty Insurance  
4 Guaranty Association shall:

5 1. Be obligated to pay the covered claims existing prior to the  
6 determination of insolvency if the claims arise within thirty (30)  
7 days after the determination of insolvency, or before the policy  
8 expiration date if less than thirty (30) days after the  
9 determination, or before the insured replaces the policy or causes  
10 its cancellation, if the insured does so within thirty (30) days of  
11 the determination. The obligation shall be satisfied by paying to  
12 the claimant an amount as follows:

- 13 a. the full amount of a covered claim for benefits under  
14 a workers' compensation insurance coverage,
- 15 b. an amount not exceeding Ten Thousand Dollars  
16 (\$10,000.00) per policy for a covered claim for the  
17 return of unearned premium, ~~and~~
- 18 c. an amount not exceeding One Hundred Fifty Thousand  
19 Dollars (\$150,000.00) per claimant for all other  
20 covered claims except for claims relating to a  
21 cybersecurity insurance policy, and
- 22 d. in no event shall the Association be obligated to pay  
23 an amount in excess of Five Hundred Thousand Dollars  
24 (\$500,000.00) for all first- and third-party claims

1           under a policy or endorsement providing, or that is  
2           found to provide, cybersecurity insurance coverage and  
3           arising out of or related to a single insured event,  
4           regardless of the number of claims made or the number  
5           of claimants.

6           In no event shall the Association be obligated to pay a claimant  
7           an amount in excess of the obligation of the insolvent insurer under  
8           the policy or coverage from which the claim arises or in excess of  
9           the limits of the obligation of the Association existing on the date  
10          on which the order of liquidation is filed with the court clerk;

11          2. Any obligation of the association to defend an insured shall  
12          cease upon the payment or tender by the association of an amount  
13          equal to the lesser of the covered claim obligation limit of the  
14          association or the applicable policy limit;

15          3. As payor of last resort, have all rights, duties and  
16          obligations of the insolvent insurer as if the insurer had not  
17          become insolvent including, but not limited to, the right to pursue  
18          and retain salvage and subrogation recoverable on covered claim  
19          obligations to the extent paid by the ~~association~~ Association. The  
20          ~~association~~ Association shall not be deemed the insolvent insurer  
21          for the purpose of conferring jurisdiction;

22          4. Allocate claims paid and expenses incurred among the three  
23          accounts set out in Section 2005 of this title separately, and  
24          assess member insurers separately for each account amounts necessary

1 to pay the obligations of the Association under this section  
2 subsequent to a member insurer becoming an insolvent insurer, the  
3 expenses of handling covered claims subsequent to an insolvency, and  
4 other expenses authorized by the Oklahoma Property and Casualty  
5 Insurance Guaranty Association Act, Sections 2001 through 2020 of  
6 this title and Sections 2020.1 and 2020.2 of this title. The  
7 assessments of each member insurer shall be in the proportion that  
8 the net direct written premiums of the member insurer for the  
9 calendar year preceding the assessment on the kinds of insurance in  
10 the account bear to the net direct written premiums of all  
11 participating insurers for the calendar year preceding the  
12 assessment on the kinds of insurance in the account. Each member  
13 insurer shall be notified in writing of the assessment not later  
14 than thirty (30) days before it is due. No member insurer may be  
15 assessed in any year an amount greater than two percent (2%) of the  
16 net direct written premiums of that member or one percent (1%) of  
17 that surplus of the member insurer as regards policyholders for the  
18 calendar year preceding the assessment on the kinds of insurance in  
19 the account, whichever is less. If the maximum assessment, together  
20 with the other assets of the Association, does not provide in any  
21 one (1) year in any account an amount sufficient to make all  
22 necessary payments from that account, the funds available may be  
23 prorated and the unpaid portion shall be paid as soon thereafter as  
24 funds become available. The Association shall pay claims in any

1 order which it deems reasonable, including the payment of claims as  
2 the claims are received from the claimants or in groups or  
3 categories of claims. The Association may exempt or defer, in whole  
4 or in part, the assessment of any member insurer, if the assessment  
5 would cause the financial statement of the member insurer to reflect  
6 amounts of capital or surplus less than the minimum amounts required  
7 for a certificate of authority by any jurisdiction in which the  
8 member insurer is authorized to transact insurance. During the  
9 period of deferment, no dividends shall be paid to shareholders or  
10 policyholders. Deferred assessments shall be paid when the payments  
11 will not reduce capital or surplus below required minimums. The  
12 payments may be refunded to those companies receiving larger  
13 assessments by virtue of the deferment, or, at the election of any  
14 company credited against future assessments. Each member insurer  
15 serving as a servicing facility may set off against any assessment  
16 authorized payments made on covered claims and expenses incurred in  
17 the payment of covered claims by a member insurer if they are  
18 chargeable to the account for which the assessment is made;

19 5. Investigate claims brought against the Association and  
20 adjust, compromise, settle and pay covered claims to the extent of  
21 the obligation of the Association and deny all other claims. The  
22 Association shall pay claims in any order that it may deem  
23 reasonable, including, but not limited to, the payment of claims as  
24 they are received from claimants or in groups of categories of



1 claims. The Association shall have the right to select and to  
2 direct legal counsel under liability insurance policies for the  
3 defense of covered claims;

4 6. Notify claimants in this state as deemed necessary by the  
5 Commissioner and upon the request of the Commissioner, to the extent  
6 records are available to the Association. Notification may include,  
7 but shall not be limited to, a legal posting on the website of the  
8 Association;

9 7. a. Handle claims through employees or through one or more  
10 insurers or other persons designated as servicing  
11 facilities. Designation of a servicing facility is  
12 subject to approval of the Commissioner, but such  
13 designation may be declined by a member insurer.

14 b. The Association shall have the right to review and  
15 contest as set forth in this paragraph, settlements,  
16 releases, compromises, waivers and judgments to which  
17 the insolvent insurer or its insureds were parties  
18 prior to the entry of the order of liquidation. In an  
19 action to enforce settlements, releases and judgments  
20 to which the insolvent insurer or its insureds were  
21 parties prior to the entry of the order of  
22 liquidation, the Association shall have the right to  
23 assert the following defenses:

24

1 (1) the Association shall not be bound by a  
2 settlement, release, compromise or waiver  
3 executed by an insured or the insurer, or any  
4 judgment entered against the insured or the  
5 insurer by consent or through a failure to  
6 exhaust all appeals, if the settlement, release,  
7 compromise waiver or judgment was:

8 (a) executed or entered within one hundred  
9 twenty (120) days prior to the entry of an  
10 order of liquidation, and the insured or the  
11 insurer did not use reasonable care in  
12 entering into the settlement, release,  
13 compromise, waiver or judgment, or did not  
14 pursue all reasonable appeals of an adverse  
15 judgment, or

16 (b) executed by or taken against an insured or  
17 the insurer based on default, fraud,  
18 collusion or the failure of the insurer to  
19 defend,

20 (2) if a court of competent jurisdiction finds that  
21 the Association is not bound by a settlement,  
22 release, compromise, waiver or judgment for the  
23 releases provided for in division (1) of  
24 subparagraph b of this paragraph, the settlement,

1 release, compromise, waiver or judgment shall be  
2 set aside and the Association shall be permitted  
3 to defend any covered claim on the merits. The  
4 settlement, release, compromise, waiver or  
5 judgment shall not be considered as evidence of  
6 liability in connection with any claim brought  
7 against the Association or any other party  
8 pursuant to the Oklahoma Property and Casualty  
9 Insurance Guaranty Association Act, and

10 (3) the Association shall have the right to assert  
11 any statutory defenses or rights of offset  
12 against any settlement, release, compromise or  
13 waiver executed by an insured or the insurer, or  
14 any judgment taken against the insured or the  
15 insurer.

16 c. As to any covered claims arising from a judgment under  
17 any decision, verdict or finding based on the default  
18 of the insolvent insurer or its failure to defend, the  
19 Association, either on its own behalf or on behalf of  
20 an insured, may apply to have the judgment, order,  
21 decision, verdict or finding set aside by the same  
22 court or administrator that entered the judgment,  
23 claim, decision, verdict or finding and shall be  
24 permitted to defend on the merits;

1           8. Reimburse each servicing facility for obligations of the  
2 Association paid by the facility and for reasonable expenses  
3 incurred by the facility while handling claims on behalf of the  
4 Association and pay the other expenses of the Association authorized  
5 by the Oklahoma Property and Casualty Insurance Guaranty Association  
6 Act;

7           9. Have standing to appear before any court of this state which  
8 has jurisdiction over an impaired or insolvent insurer for whom the  
9 Association is or may become obligated pursuant to the provisions of  
10 the Oklahoma Property and Casualty Insurance Guaranty Association  
11 Act. Standing shall extend to all matters germane to the powers and  
12 duties of the Association including, but not limited to, proposals  
13 for rehabilitation, acquisition, merger, reinsuring, or guaranteeing  
14 the covered policies of the impaired or insolvent insurer, and the  
15 determination of covered policies and contractual obligations of the  
16 impaired or insolvent insurer; and

17           10. Notwithstanding any other provision of the Oklahoma  
18 Property and Casualty Insurance Guaranty Association Act, an  
19 insurance policy issued by a member insurer and later allocated,  
20 transferred, assumed by or otherwise made the sole responsibility of  
21 another insurer pursuant to any provision of law providing for the  
22 division of an insurance company, or the statutory assumption or  
23 transfer of designated policies under which there is no remaining  
24 obligation to the transferring entity, shall be considered to have

1 | been issued by a member insurer which is an insolvent insurer for  
2 | the purposes of this ~~Act~~ act in the event that the insurer to which  
3 | the policy has been allocated, transferred, assumed or otherwise  
4 | made the sole responsibility of is placed in liquidation. An  
5 | insurance policy that was issued by an insurer who is not a member  
6 | insurer and subsequently allocated, transferred, assumed by or  
7 | otherwise made the sole responsibility of a member insurer under any  
8 | provision of law providing for the division of an insurance company  
9 | shall not be considered to have been issued by a member insurer  
10 | pursuant to this ~~Act~~ act.

11 |       B. The Association may:

12 |       1. Employ or retain persons as are necessary to handle claims  
13 | and perform other duties of the Association;

14 |       2. Borrow funds necessary to effect the purposes of the  
15 | Oklahoma Property and Casualty Insurance Guaranty Association Act in  
16 | accordance with the plan of operation;

17 |       3. Sue or be sued;

18 |       4. Negotiate and become a party to contracts as are necessary  
19 | to carry out the purpose of the Oklahoma Property and Casualty  
20 | Insurance Guaranty Association Act;

21 |       5. Refund to member insurers in proportion to the contribution  
22 | of each member insurer that amount by which the assets of the  
23 | Association exceed its liabilities, if at the end of any calendar  
24 | year the board of directors finds that the assets of the Association

1 exceed the liabilities as estimated by the board of directors for  
2 the coming year;

3 6. Lend monies to an insurer declared to be impaired by the  
4 Commissioner. The Association, with approval of the Commissioner,  
5 shall approve the amount, length and terms of the loan. "Impaired  
6 Insurer" for purposes of this section shall mean an insurer  
7 potentially unable to fulfill its contractual obligations, but shall  
8 not mean an insolvent insurer;

9 7. Perform other acts as are necessary or proper to effectuate  
10 the purpose of the Oklahoma Property and Casualty Insurance Guaranty  
11 Association Act;

12 8. Intervene as a party in interest in any supervision,  
13 conservation, liquidation, rehabilitation, impairment or  
14 receivership in which policyholders' interests and interests of the  
15 Association may be or are affected; and

16 9. Be designated or may contract as a servicing facility for  
17 any entity which may be recommended by the board of directors of the  
18 Association and shall be approved by the Commissioner.

19 SECTION 5. AMENDATORY 36 O.S. 2021, Section 2009, is  
20 amended to read as follows:

21 Section 2009. A. The Commissioner shall:

22 1. Notify the Oklahoma Property and Casualty Insurance Guaranty  
23 Association Executive Director of the existence of an insolvent  
24 insurer as soon as possible but not later than three (3) days after

1 notice of the determination is received. The Association shall be  
2 entitled to a copy of a complaint seeking an order of liquidation  
3 with a finding of insolvency against a member company at the same  
4 time that the complaint is filed with a court of competent  
5 jurisdiction; and

6 2. Provide the Association with a statement of the net direct  
7 written premiums of each member insurer upon the request of the  
8 board of directors.

9 B. The Commissioner may:

10 1. Suspend or revoke, after the notice and hearing, the  
11 certificate of authority to transact insurance in this state of any  
12 member insurer which fails to pay an assessment when due or fails to  
13 comply with the plan of operation. As an alternative, the  
14 Commissioner may levy a fine on any member insurer which fails to  
15 pay an assessment when due. The fine shall not exceed five percent  
16 (5%) of the unpaid assessment per month, except that no fine shall  
17 be less than One Hundred Dollars (\$100.00) per month;

18 2. Revoke the designation of any servicing facility if the  
19 Commissioner finds claims are being handled unsatisfactorily; or

20 3. Examine or audit the Association.

21 C. Any final action or order of the Commissioner under the  
22 Oklahoma Property and Casualty Insurance Guaranty Association Act  
23 shall be subject to judicial review in a court of competent  
24 jurisdiction.

1 SECTION 6. AMENDATORY 36 O.S. 2021, Section 2020.1, is  
2 amended to read as follows:

3 Section 2020.1. A. The Oklahoma Property and Casualty  
4 Insurance Guaranty Association may join one or more organizations of  
5 other state associations of similar purposes, to further the  
6 purposes and administer the powers and duties of the Association.  
7 The Association may designate one or more of these organizations to  
8 act as a liaison for the Association and, to the extent the  
9 Association authorizes, to bind the Association in agreements or  
10 settlements with receivers of insolvent insurance companies or their  
11 designated representatives.

12 B. The Oklahoma Property and Casualty Insurance Guaranty  
13 Association, in cooperation with other obligated or potentially  
14 obligated guaranty associations, or their designated  
15 representatives, shall make all reasonable efforts to coordinate and  
16 cooperate with receivers, or their designated representatives, in  
17 the most efficient and uniform manner, including the use of Uniform  
18 Data Standards as promulgated or approved by the National  
19 Association of Insurance Commissioners.

20 SECTION 7. AMENDATORY 36 O.S. 2021, Section 2020.2, is  
21 amended to read as follows:

22 Section 2020.2. A. For purposes of this section, "high net  
23 worth insured" means any insured whose net worth exceeds Fifty  
24 Million Dollars (\$50,000,000.00) on December 31 of the year prior to



1 the year in which the insurer becomes an insolvent insurer; provided  
2 that the net worth of an insured on that date shall be deemed to  
3 include the aggregate net worth of the insured and all of its  
4 subsidiaries and affiliates as calculated on a consolidated basis.

5 B. 1. The Oklahoma Property and Casualty Insurance Guaranty  
6 Association shall not be obligated to pay any first-party claims by  
7 a high net worth insured; ~~and~~

8 2. The Association shall have the right to recover from a high  
9 net worth insured all amounts paid by the ~~association~~ Association to  
10 or on behalf of the insured, whether for indemnity, defense or  
11 otherwise; and

12 3. The Association may also, at its sole discretion and without  
13 assumption of any ongoing duty to do so, pay any cybersecurity  
14 insurance obligations covered by a policy or endorsement of an  
15 insolvent company on behalf of a high net worth insured as defined  
16 in this section. In that case, the Association shall recover from  
17 the high net worth insured under this section all amounts paid on  
18 its behalf, all allocated claim adjusted expenses related to such  
19 claims, the Association's attorney fees, and all court costs in any  
20 action necessary to collect the full amount to the Association's  
21 reimbursement under this section.

22 C. The Association shall not be obligated to pay any claim that  
23 would otherwise be a covered claim that is an obligation to or on  
24 behalf of a person who has a net worth greater than that allowed by

1 the insurance guaranty association law of the state of residence of  
2 the claimant at the time specified by the applicable law of that  
3 state, and which association has denied coverage to that claimant on  
4 that basis.

5 D. The Association shall establish reasonable procedures for  
6 requesting financial information from insureds on a confidential  
7 basis for purposes of applying this section, provided that the  
8 financial information may be shared with any other association  
9 similar to the association and the liquidator for the insolvent  
10 insurer on the same confidential basis. Any request to an insured  
11 seeking financial information shall advise the insured of the  
12 consequences of failing to provide the financial information. If an  
13 insured refuses to provide the requested financial information where  
14 it is requested and available, the Association may, until the time  
15 as the information is provided, provisionally deem the insured to be  
16 a high net worth insured for the purpose of denying a claim under  
17 subsection B of this section.

18 E. In any lawsuit contesting the applicability of this section  
19 where the insured has refused to provide financial information under  
20 the procedure established pursuant to subsection D of this section,  
21 the insured shall bear the burden of proof concerning its net worth  
22 at the relevant time. If the insured fails to prove that its net  
23 worth at the relevant time was less than the applicable amount, the  
24

1 court shall award the association its full costs, expenses and  
2 reasonable attorney fees in contesting the claim.

3 SECTION 8. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 2020.3 of Title 36, unless there  
5 is created a duplication in numbering, reads as follows:

6 No person, including an insurer, insurance producer, or  
7 affiliate of an insurer, shall publish, disseminate, circulate, or  
8 place before the public, or cause, directly or indirectly, to be  
9 published, disseminated, circulated or placed before the public, in  
10 any newspaper, magazine or other publication, or in the form of a  
11 notice, circular, pamphlet, letter or poster, or over any radio  
12 station or television station, or in any other way, any  
13 advertisement, which uses the existence of the Insurance Guaranty  
14 Association of this state for the purpose of sales, solicitation, or  
15 inducement to purchase any form of insurance covered by the Oklahoma  
16 Property and Casualty Insurance Guaranty Association law. However,  
17 this section does not apply to the Insurance Guaranty Association or  
18 to any other entity which does not sell or solicit insurance.

19 SECTION 9. NEW LAW A new section of law to be codified  
20 in the Oklahoma Statutes as Section 2020.4 of Title 36, unless there  
21 is created a duplication in numbering, reads as follows:

22 A. Except as provided in subsection B of this section, records  
23 created, held by, or pertaining to the Oklahoma Property and  
24 Casualty Insurance Guaranty Association are not public records under

1 the Oklahoma Open Records Act, are confidential, and are not subject  
2 to inspection or disclosure.

3 B. Subsection A of this section does not apply to the plan of  
4 operation required under Section 2008 of Title 36 of the Oklahoma  
5 Statutes and other information required to be filed with the  
6 Insurance Commissioner under Title 36 of the Oklahoma Statutes  
7 unless otherwise prohibited from release by law.

8 SECTION 10. This act shall become effective November 1, 2025.

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10 COMMITTEE REPORT BY: COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT  
11 OVERSIGHT, dated 02/25/2025 - DO PASS, As Coauthored.

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