

1 ENGROSSED HOUSE
2 BILL NO. 1720

By: Moore, McBride and Roberts
(Dustin) of the House

3 and

4 Sparks of the Senate
5

6
7 [property insurance - instructing insurance
8 companies to provide certain discounts and rate
9 reductions - instructing insurance companies to
10 submit certain rating plans - effective date]
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13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 961 of Title 36, unless there is
16 created a duplication in numbering, reads as follows:

17 A. Commencing on January 1, 2018, insurance companies shall
18 provide a premium discount or insurance rate reduction in an amount
19 and manner as established in subsection D of this section and
20 pursuant to Section 3 of this act. In addition, insurance companies
21 may also offer additional adjustments in deductible, other credit
22 rate differentials, or a combination thereof, collectively referred
23 to as adjustments. These adjustments shall be available under the
24 terms specified in this section to any owner who builds or locates a

1 new insurable property in the State of Oklahoma to resist loss due
2 to tornado or other catastrophic windstorm events.

3 B. To obtain the adjustment provided in this section, an
4 insurable property located in this state shall be certified as
5 constructed in accordance with Appendix Y of the 2015 Oklahoma
6 Uniform Building Code, as amended, including all tornado mitigation
7 construction requirements, or the FORTIFIED Home High Wind and Hail
8 Standards as may from time to time be adopted by the Institute for
9 Business and Home Safety or successor entity. An insurable property
10 shall be certified as conforming to the applicable building code
11 only after an inspection of the insurable property has been
12 satisfactorily completed by a certified or licensed building
13 inspector and certified to be conforming to the applicable building
14 code including all high wind and hail mitigation construction
15 requirements. An insurable property shall be certified as
16 conforming to the FORTIFIED Home High Wind and Hail Standards only
17 after evaluation and certification by an evaluator certified
18 pursuant to the FORTIFIED Home High Wind and Hail Standards.

19 C. An owner of insurable property claiming an adjustment
20 pursuant to this section shall maintain sufficient certification
21 records and construction records including, but not limited to, a
22 certification of compliance with the applicable building code or the
23 FORTIFIED Home High Wind and Hail Standards provided in subsection B
24 of this section, receipts from contractors, receipts for materials

1 and records from local building officials. The records shall be
2 subject to audit by the Insurance Commissioner, or his or her
3 representatives, and copies of any such records shall be presented
4 to the insurer or potential insurer of a property owner before the
5 adjustment becomes effective for the insurable property.

6 D. Insurers required to submit rates and rating plans to the
7 Commissioner shall submit an actuarially justified rating plan for
8 any person who builds an insurable property to comply with the sets
9 of requirements of subsection B of this section. An insurer is not
10 required to provide the same amount of adjustment for a building
11 code insurable property as the insurer would to an insurable
12 property conforming to the FORTIFIED Home High Wind and Hail
13 Standards. An adjustment shall only apply to policies that provide
14 wind or hail coverage and may apply to that portion of the premium
15 for wind or hail coverage or to the total premium if the insurer
16 does not separate out its premium for wind or hail coverage in its
17 rate filing. The adjustment shall apply exclusively to the premium
18 designated for the improved insurable property. In addition to the
19 requirements of this section, an insurer may voluntarily offer any
20 other mitigation adjustment that the insurer deems appropriate.

21 SECTION 2. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 962 of Title 36, unless there is
23 created a duplication in numbering, reads as follows:

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1 A. Commencing on January 1, 2018, insurance companies shall
2 provide a premium discount or insurance rate reduction in an amount
3 and manner as established in subsection D of this section and
4 pursuant to Section 3 of this act. In addition, insurance companies
5 may also offer additional adjustments in deductible, other credit
6 rate differentials, or a combination thereof, collectively referred
7 to as adjustments. These adjustments shall be available under the
8 terms specified in this section to any owner who retrofits his or
9 her insurable property located in the State of Oklahoma to resist
10 loss due to tornado or other catastrophic windstorm events.

11 B. To obtain the adjustment provided in this section, an
12 insurable property shall be retrofitted to the FORTIFIED Home High
13 Wind and Hail Standards, as may from time to time be adopted by the
14 Institute for Business and Home Safety, a successor entity, other
15 mitigation program, other construction technique or other
16 standardized code which may be submitted by each insurer and
17 approved by the Commissioner. Wind-Zone-3-HUD-code-manufactured
18 homes installed on a permanent foundation and retrofitted as defined
19 in the FORTIFIED Home High Wind and Hail Standards, as may from time
20 to time be adopted by the Institute for Business and Home Safety,
21 shall be eligible for the adjustment provided in this section. An
22 insurable property shall be certified as conforming to FORTIFIED
23 Home High Wind and Hail Standards only after evaluation and
24 certification by an evaluator certified pursuant to the FORTIFIED

1 Home High Wind and Hail Standards. Certification of conformity of
2 an insurable property with Appendix Y of the Oklahoma Uniform
3 Building Code, other construction technique or other standardized
4 code shall be made only by a certified or licensed building
5 inspector.

6 C. An owner of insurable property claiming an adjustment
7 pursuant to this section shall maintain sufficient certification
8 records and construction records including, but not limited to, a
9 certification of compliance with the mitigation program,
10 construction technique, or standardized building code, as
11 applicable, or FORTIFIED Home High Wind and Hail Standards as
12 provided in subsection B of this section, receipts from contractors,
13 receipts for materials, and records from local building officials.
14 The records shall be subject to audit by the Insurance Commissioner,
15 or his or her representatives, and copies of any such records shall
16 be presented to the insurer or potential insurer of a property owner
17 before the adjustment becomes effective for the insurable property.

18 D. Insurers required to submit rates and rating plans to the
19 Commissioner shall submit actuarially justified rating plans for any
20 person who retrofits an insurable property to comply with the sets
21 of alternatives provided in subsection B of this section. The
22 adjustment shall only apply to policies that provide wind or hail
23 coverage and may apply to that portion of the premium for wind or
24 hail coverage or to the total premium if the insurer does not

1 separate out its premium for wind or hail coverage in its rate
2 filing. The adjustment shall apply exclusively to the premium
3 designated for the improved insurable property. In addition to the
4 requirements of this section, an insurer may voluntarily offer any
5 other mitigation adjustment that the insurer deems appropriate.

6 SECTION 3. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 963 of Title 36, unless there is
8 created a duplication in numbering, reads as follows:

9 For the purposes of this act, the term "insurable property"
10 includes single-family residential property. Insurable property
11 also includes modular homes satisfying the codes, standards or
12 techniques as provided in Section 1 or 2 of this act. Manufactured
13 homes or mobile homes are excluded, except as expressly provided in
14 subsection B of Section 2 of this act.

15 SECTION 4. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 964 of Title 36, unless there is
17 created a duplication in numbering, reads as follows:

18 This act shall only apply to new insurance policies written, or
19 existing policies renewed, on or after January 1, 2018.

20 SECTION 5. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 965 of Title 36, unless there is
22 created a duplication in numbering, reads as follows:

23 The Insurance Commissioner shall promulgate such rules as are
24 necessary to implement and administer this act.

