

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 HOUSE BILL 1720

By: Moore and McBride

4
5
6 AS INTRODUCED

7 An Act relating to insurance; standardizing
8 construction quality for property insurance discount
9 for weather-resilient new construction; requiring
10 construction certification in accordance with certain
11 building codes; requiring maintenance of records;
12 requiring insurers to submit certain rating plan;
13 specifying adjustment applicability; authorizing
14 insurer to offer additional adjustments; defining
15 terms; authorizing Oklahoma Insurance Department to
16 promulgate rules; providing for codification; and
17 providing an effective date.

18
19
20 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

21 SECTION 1. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 4820 of Title 36, unless there
23 is created a duplication in numbering, reads as follows:

24 A. For new insurance policies written or renewed on or after
November 1, 2017, insurance companies may provide a premium discount
or insurance rate reduction in an amount and manner as established
in this section. In addition, insurance companies may also offer
additional adjustments in deductible, other credit rate
differentials or a combination thereof, collectively referred to as

1 adjustments. These adjustments shall be available under the terms
2 specified in this section to any owner who builds or locates a new
3 insurable property in the State of Oklahoma to resist loss due to
4 natural events.

5 B. To obtain the adjustment provided in this section, an
6 insurable property located in this state shall be certified as
7 constructed in accordance with the 2009 International Building Code,
8 the 2009 International Residential Code or latest adopted version
9 thereof, as amended, including all construction requirements and be
10 designated as FORTIFIED by one of the following programs:

11 1. FORTIFIED For Safer Living (FFSL) for residential buildings;
12 or

13 2. FORTIFIED For Safer Business (FFSB) for light commercial
14 buildings by the Institute for Business and Home Safety (IBHS).

15 C. An owner of insurable property claiming an adjustment
16 pursuant to this section shall maintain sufficient certification
17 records and construction records including, but not limited to, a
18 certification of compliance with the applicable building code and a
19 certificate indicating the building is designated as FFSL or FFSB,
20 receipts from contractors, receipts for materials and records from
21 local building officials. The records shall be subject to audit by
22 the Oklahoma Insurance Commissioner or his or her representatives,
23 and copies of any such records shall be presented to the insurer or
24

1 potential insurer of a property owner before the adjustment becomes
2 effective for the insurable property.

3 D. Insurers required to submit rates and rating plans to the
4 Oklahoma Insurance Commissioner shall submit an actuarially
5 justified rating plan for any person who builds an insurable
6 property to comply with the requirements of this section. An
7 adjustment shall only apply to policies that provide hazard or
8 extreme weather coverage and may apply to that portion of the
9 premium for hazard or extreme weather coverage or to the total
10 premium if the insurer does not separate out its premium for hazard
11 or extreme weather coverage in its rate filing. In addition to the
12 requirements of this section, an insurer may voluntarily offer any
13 other mitigation adjustment that the insurer deems appropriate.

14 E. As used in this section:

15 1. "Natural event" means severe or unseasonable weather, heavy
16 precipitation, hurricanes, storm surges, tornadoes, other
17 windstorms, hail, extreme heat, extreme cold, wildfire, fire, flood,
18 earthquake and other destructive hazard events;

19 2. "Resilience" means the ability to prepare and plan for,
20 absorb, recover from and more successfully adapt to adverse events
21 in a timely manner;

22 3. "Resilient construction" means a construction method that:

23 a. allows a property:
24

1 (1) to resist hazards brought on by a major disaster,
2 and

3 (2) to continue to provide the primary functions of
4 the property after a major disaster,

5 b. reduces the magnitude or duration of a disruptive
6 event to a property, and

7 c. has the absorptive capacity, adaptive capacity and
8 recoverability to withstand a potentially disruptive
9 event; and

10 4. "Insurable property" includes light commercial, single-
11 family residential property and also includes modular homes
12 satisfying the codes, standards or techniques as provided in this
13 section. "Insurable property" shall not include manufactured homes
14 or mobile homes.

15 F. The Oklahoma Insurance Department is authorized to
16 promulgate such rules as are necessary to implement and administer
17 the provisions of this section.

18 SECTION 2. This act shall become effective November 1, 2017.

19
20 56-1-6714 AMM 01/19/17
21
22
23
24