

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 58th Legislature (2022)

4 ENGROSSED SENATE  
5 BILL NO. 1241

By: Quinn of the Senate

6 and

7 Sneed of the House

8  
9 An Act relating to insurance; amending 36 O.S. 2021,  
10 Sections 1683, 1684, 1685, and 1686, which relate to  
11 the Insurance Business Transfer Act; modifying and  
12 providing definitions; conforming language; requiring  
13 certain notice be provided by transferring insurer;  
14 modifying means of transmission of notice; modifying  
15 terms for plan approval and petition process;  
16 modifying inclusions for certain court judgement and  
17 order; providing that certain unexpired and in-force  
18 policies not be transferred; allowing court to  
19 approve certain requested transfer with deferred  
20 effectiveness; updating statutory language; and  
21 declaring an emergency.

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

23 SECTION 1. AMENDATORY 36 O.S. 2021, Section 1683, is  
24 amended to read as follows:

25 Section 1683. 1. "Affiliate" has the meaning ascribed to such  
26 term in Section 1631 of ~~Title 36 of the Oklahoma Statutes~~ this  
27 title.

1        2. "Applicant" means an assuming insurer, a transferring  
2 insurer, or a reinsurer applying to the Commissioner for approval of  
3 an Insurance Business Transfer Plan pursuant to this act ~~under~~  
4 ~~Section 1686 of this title.~~

5        3. "Assuming insurer" means an insurer domiciled in ~~the State~~  
6 ~~of Oklahoma~~ this state that assumes or seeks to assume policies from  
7 a transferring insurer pursuant to this act. An assuming insurer  
8 may be a company established pursuant to the Oklahoma Captive  
9 Insurance Company Act.

10       4. "Court" means the ~~District Court~~ district court of ~~Oklahoma~~  
11 ~~County, Oklahoma~~ a county in Oklahoma with a population of more than  
12 two hundred fifty thousand (250,000).

13       5. "Department" means the ~~Oklahoma~~ Insurance Department.

14       6. "Commissioner" means the ~~Oklahoma~~ Insurance Commissioner.

15       7. "Implementation order" means an order issued by the ~~Court~~  
16 court under Section 1686 of this title.

17       8. "Independent expert" means a person who shall assist the  
18 Commissioner and the court in connection with their review of a  
19 proposed transaction. The Commissioner shall select an independent  
20 expert from a list of at least two nominees submitted jointly by the  
21 transferring insurer and the assuming insurer; provided, however, if  
22 the Commissioner, in his or her sole discretion, rejects the  
23 nominees submitted jointly by the transferring insurer and the  
24 assuming insurer, the Commissioner may appoint another person to

1 serve as an independent expert. An independent expert selected  
2 under this subsection shall meet all of the following criteria:

3 a. hold no financial interest in either the assuming  
4 insurer or the transferring insurer,

5 b. not be employed by, or act as an officer, director,  
6 consultant, or independent contractor for either the  
7 assuming insurer or the transferring insurer within  
8 the previous twelve (12) months,

9 c. not be simultaneously appointed by the Commissioner to  
10 assist in any capacity in any proceeding initiated  
11 pursuant to Article 18 or Article 19 of this title,

12 d. receives or is promised no compensation in connection  
13 with the Insurance Business Transfer for which he or  
14 she is selected to serve as an independent expert;  
15 provided, however, a fee may be approved by the  
16 Commissioner that is not contingent upon the approval  
17 or consummation of an Insurance Business Transfer  
18 Plan, and

19 e. provides proof of insurance covering the services  
20 provided as an independent expert, to be approved by  
21 the commissioner.

22 9. "Insurance Business Transfer" means a transfer and novation  
23 in accordance with this act. Insurance Business Transfers will  
24 transfer insurance obligations, ~~or~~ risks, ~~or both~~ rights, or any

1 combination thereof, of existing or in-force contracts of insurance  
2 or reinsurance from a transferring insurer to an assuming insurer.  
3 Once approved pursuant to this act, the Insurance Business Transfer  
4 will effect a transfer and novation of the transferred contracts of  
5 insurance or reinsurance with the result that the assuming insurer  
6 becomes directly liable to the policyholders of the transferring  
7 insurer and the transferring insurer's insurance obligations or  
8 risks, or both, under the contracts are extinguished.

9 ~~9.~~ 10. "Insurance Business Transfer Plan" or "Plan" means the  
10 plan submitted to the Department to accomplish the transfer and  
11 novation pursuant to an Insurance Business Transfer, including any  
12 associated transfer of assets and rights from or on behalf of the  
13 transferring insurer to the assuming insurer.

14 ~~10.~~ "~~Independent expert~~" means ~~an impartial person who has no~~  
15 ~~financial interest in either the assuming insurer or transferring~~  
16 ~~insurer, has not been employed by or acted as an officer, director,~~  
17 ~~consultant or other independent contractor for either the assuming~~  
18 ~~insurer or transferring insurer within the past twelve (12) months,~~  
19 ~~is not appointed by the Commissioner to assist in any capacity in~~  
20 ~~any proceeding initiated pursuant to Article 18 or Article 19 of~~  
21 ~~Title 36 of the Oklahoma Statutes and is receiving no compensation~~  
22 ~~in connection with the transaction governed by this act other than a~~  
23 ~~fee based on an hourly basis that is not contingent on the approval~~

24

1 ~~or consummation of an Insurance Business Transfer and provides proof~~  
2 ~~of insurance coverage that is satisfactory to the Commissioner.~~

3 11. "Insurer" means an insurance or surety company~~7~~ including a  
4 reinsurance company, and shall be deemed to include a corporation,  
5 company, partnership, association, society, order, individual or  
6 aggregation of individuals engaging in or proposing or attempting to  
7 engage in any kind of insurance or surety business~~7~~ including the  
8 exchanging of reciprocal or inter-insurance contracts between  
9 individuals, partnerships and corporations.

10 12. "Petitioner" means an assuming insurer, transferring  
11 insurer, or reinsurer petitioning a court for an order of approval  
12 and implementation of a Plan pursuant to this act.

13 13. "Policy" means a policy, annuity contract or certificate of  
14 insurance or a contract of reinsurance pursuant to which the insurer  
15 agrees to assume an obligation or risk, or both, of the policyholder  
16 or to make payments on behalf of, or to, the policyholder or its  
17 beneficiaries, and shall include property, casualty, life, health  
18 and any other line of insurance the Commissioner finds, pursuant to  
19 this act, via regulation is suitable for an insurance business  
20 transfer.

21 ~~13.~~ 14. "Policyholder" means an insured or a reinsured under a  
22 policy ~~that~~ which is part of the subject business.

23

24

1       ~~14.~~ 15. "Subject business" means the policy or policies  
2 designated for transfer and novation ~~that are the subject of the~~  
3 pursuant to a corresponding Insurance Business Transfer Plan.

4       ~~15.~~ 16. "Transfer and novation" means the transfer of insurance  
5 obligations, ~~or~~ risks, rights, or ~~both~~ any combination thereof, of  
6 existing or in-force policies from a transferring insurer to an  
7 assuming insurer, and is intended to effect a transfer and novation  
8 of the transferred policies with the result that the assuming  
9 insurer becomes directly liable to the policyholders of the  
10 transferring insurer on the transferred policies and the  
11 transferring insurer's insurance obligations, ~~or~~ risks, rights, or  
12 ~~both~~ any combination thereof, under the transferred policies are  
13 extinguished.

14       ~~16.~~ 17. "Transferring insurer" means an insurer or reinsurer  
15 ~~that~~ which seeks to or has accomplished a transfer and novation of  
16 ~~transfers and novates or seeks to transfer and novate~~ obligations,  
17 ~~or~~ risks, rights, or ~~both~~ any combination thereof, under one or more  
18 policies to an assuming insurer pursuant to an Insurance Business  
19 Transfer Plan and the provisions of this act.

20       SECTION 2.       AMENDATORY       36 O.S. 2021, Section 1684, is  
21 amended to read as follows:

22       Section 1684. A. The court considering applications petitions  
23 brought under the Insurance Business Transfer Act shall have the  
24

1 same jurisdiction as a court order under Article 19 of ~~Title 36 of~~  
2 ~~the Oklahoma Statutes~~ this title.

3 B. Venue for all court proceedings under this act shall lie in  
4 the ~~District Court of Oklahoma County, Oklahoma~~ court as defined  
5 pursuant to subsection 4 of Section 1683 of this title.

6 C. Notwithstanding any other provision of law, the court may  
7 issue any order, process, or judgment ~~that is~~ necessary or  
8 appropriate to carry out the provisions of this act. No provision  
9 of this act shall be construed to preclude the court from, on its  
10 own motion, taking any action or making any determination necessary  
11 or appropriate to enforce or implement court orders or rules, or to  
12 prevent an abuse of power.

13 SECTION 3. AMENDATORY 36 O.S. 2021, Section 1685, is  
14 amended to read as follows:

15 Section 1685. A. Whenever notice is required to be given ~~by~~  
16 ~~the applicant~~ under the Insurance Business Transfer Act and except  
17 as otherwise permitted or directed by the court or the Insurance  
18 Commissioner, ~~the applicant shall,~~ the notice shall be transmitted  
19 within ~~fifteen (15)~~ forty-five (45) days of the event triggering the  
20 requirement, ~~cause transmittal of the notice:~~

21 1. By first-class mail, postage prepaid to the chief insurance  
22 regulator in each jurisdiction in which the ~~applicant~~ transferring  
23 insurer:

24 a. holds or has ever held a certificate of authority, and

1           b.    in which policies that are part of the subject  
2                    business were issued or policyholders currently  
3                    reside;

4           2.    By certified first-class mail, postage prepaid to the  
5   National Conference of Insurance Guaranty Funds, the National  
6   Organization of Life and Health Insurance Guaranty Associations and  
7   all state insurance guaranty associations for the states in which  
8   the ~~applicant~~ transferring insurer:

9           a.    holds or has ever held a certificate of authority, and

10           b.   in which policies that are part of the subject  
11                   business were issued or policyholders currently  
12                   reside;

13           3.    To reinsurers of the ~~applicant~~ transferring insurer pursuant  
14   to the notice provisions of the reinsurance agreements applicable to  
15   the policies that are part of the subject business, or where an  
16   agreement has no provision for notice, by internationally recognized  
17   delivery service;

18           4.    By United States mail, first-class postage prepaid, or by  
19   any internationally recognized delivery service, to all  
20   policyholders holding policies that are part of the subject  
21   business, at their last-known address as indicated by the records of  
22   the ~~applicant~~ transferring insurer or to the address to which  
23   premium notices or other policy documents are sent. ~~A notice of~~



1 ~~transfer~~ Notice shall also be sent to the transferring insurer's  
2 agents or brokers of record on the subject business; ~~and~~

3 5. By electronic means to any person or entity identified in  
4 subsection A of this section who provided consent to notice or  
5 service in an agreement included in or related to the subject  
6 business or otherwise consents in writing to receiving service by  
7 electronic mail and provides instructions for making the electronic  
8 notice or service. For the purposes of this subsection, "electronic  
9 means" shall include communications by facsimile or electronic mail;  
10 and

11 6. By publication in a newspaper of general circulation in the  
12 state in which the ~~applicant~~ transferring insurer has its principal  
13 place of business and in such other publications that the  
14 Commissioner requires.

15 B. If notice is given in accordance with this section, any  
16 information or orders under this act shall be conclusive with  
17 respect to all intended recipients of the notice, whether or not  
18 ~~they~~ the intended recipients receive actual notice.

19 C. Where this act requires that the applicant or petitioner  
20 provide notice, ~~but the Commissioner has been named receiver of the~~  
21 ~~applicant~~ a receiver of the insurer has been appointed pursuant to  
22 the laws of the insurer's home jurisdiction, the ~~Commissioner~~  
23 receiver shall provide the required notice.

24

1 SECTION 4. AMENDATORY 36 O.S. 2021, Section 1686, is  
2 amended to read as follows:

3 Section 1686. A. Application Procedure to the Commissioner for  
4 Approval of Insurance Business Transfer Plan.

5 1. An Insurance Business Transfer Plan must be filed by the  
6 applicant with the Insurance Commissioner for his or her review and  
7 approval. The Plan must contain the information set forth below or  
8 an explanation as to why the information is not included. The Plan  
9 may be supplemented or revised with additional, updated, or by other  
10 information as it becomes available or when deemed necessary by the  
11 Commissioner:

- 12 a. the name, address and telephone number of the
- 13 transferring insurer and the assuming insurer and
- 14 their respective direct and indirect controlling
- 15 persons, if any,
- 16 b. summary of the Insurance Business Transfer Plan,
- 17 c. identification and description of the subject
- 18 business,
- 19 d. most recent audited financial statements and statutory
- 20 annual and quarterly reports of the transferring
- 21 insurer and assuming insurer filed with their
- 22 domiciliary regulator,

23  
24

- 1 e. the most recent actuarial report and opinion that  
2 quantify the liabilities associated with the subject  
3 business,
- 4 f. pro-forma financial statements showing the projected  
5 statutory balance sheet, results of operations and  
6 cash flows of the assuming insurer for the three (3)  
7 years following the proposed transfer and novation,
- 8 g. officers' certificates of the transferring insurer and  
9 the assuming insurer attesting that each has obtained  
10 all required internal approvals and authorizations  
11 regarding the Insurance Business Transfer Plan and  
12 completed all necessary and appropriate actions  
13 relating thereto,
- 14 h. proposal for Plan implementation and administration,  
15 ~~including the form of notice to be provided under the~~  
16 ~~Insurance Business Transfer Plan to any policyholder~~  
17 ~~whose policy is part of the subject business,~~
- 18 i. form of notice to be provided under the Insurance  
19 Business Transfer Plan to any policyholder whose  
20 policy is part of the subject business including full  
21 description as to how such notice shall be provided,
- 22 j. description of any reinsurance arrangements that ~~would~~  
23 will pass to the assuming insurer under the Insurance  
24 Business Transfer Plan,

- 1 k. description of any guarantees or additional  
2 reinsurance that will cover the subject business  
3 following the transfer and novation,
- 4 l. a statement describing the assuming insurer's proposed  
5 investment policies and any contemplated third-party  
6 claims management and administration arrangements,
- 7 m. evidence of approval or nonobjection of the transfer  
8 from the chief insurance regulator of the state of the  
9 transferring insurer's domicile, and
- 10 n. an opinion report from an independent expert, ~~selected~~  
11 ~~by the Commissioner from a list of at least two~~  
12 ~~nominees submitted jointly by the transferring insurer~~  
13 ~~and the assuming insurer, to assist the Commissioner~~  
14 ~~and the court in connection with their review of the~~  
15 ~~proposed transaction. Should the Commissioner, in his~~  
16 ~~or her sole discretion, reject the nominees, he or she~~  
17 ~~may appoint the independent expert. The report which~~  
18 shall provide the following:
- 19 (1) a statement of the independent expert's  
20 professional qualifications and descriptions of  
21 the experience that qualifies him or her as an  
22 expert suitable for the engagement,
- 23 (2) whether the independent expert has, or has had,  
24 direct or indirect interest in the transferring

1 or assuming insurer or any of their respective  
2 affiliates,

3 (3) the scope of the report,

4 (4) a summary of the terms of the Insurance Business  
5 Transfer Plan to the extent relevant to the  
6 report,

7 (5) a listing and summaries of documents, reports and  
8 other material information the independent expert  
9 has considered in preparing the report and  
10 whether any information requested was not  
11 provided,

12 (6) the extent to which the independent expert has  
13 relied on information provided by and the  
14 judgment of others,

15 (7) the people ~~on~~ upon whom the independent expert  
16 has relied and why, in his or her opinion, such  
17 reliance is reasonable,

18 (8) the independent expert's opinion of the likely  
19 effects of the Insurance Business Transfer Plan  
20 on policyholders, reinsurers, and claimants,  
21 distinguishing between:

22 (a) transferring policyholders, reinsurers, and  
23 claimants,  
24

1 (b) policyholders, reinsurers, and claimants of  
2 the transferring insurer whose policies will  
3 not be transferred, and

4 (c) policyholders, reinsurers, and claimants of  
5 the assuming insurer,

6 (9) for each opinion that the independent expert  
7 expresses in the report the facts and  
8 circumstances supporting the opinion, and

9 (10) consideration as to whether the security position  
10 of policyholders that are affected by the  
11 Insurance Business Transfer are materially  
12 adversely affected by the transfer.

13 2. The independent expert's opinion report as required by  
14 subparagraph n of paragraph 1 of this subsection shall include, but  
15 not be limited to, a review of the following:

16 a. analysis of the transferring insurer's actuarial  
17 review of reserves for the subject business to  
18 determine the reserve adequacy,

19 b. analysis of the financial condition of the  
20 transferring insurer and assuming ~~insurers~~ insurer and  
21 the effect the ~~transfer~~ Insurance Business Transfer  
22 will have on the financial condition of each insurance  
23 company,

- 1 c. review of the plans or proposals the assuming insurer  
2 has with respect to the administration of the policies  
3 subject to the ~~proposed transfer~~ plan,
- 4 d. whether the proposed transfer has a material~~7~~ adverse  
5 ~~impact~~ effect on the policyholders, reinsurers, and  
6 claimants of the transferring and the assuming  
7 insurers,
- 8 e. analysis of the assuming insurer's corporate  
9 governance structure to ensure ~~that there is~~ proper  
10 board and management oversight and expertise to manage  
11 the subject business, and
- 12 f. any other information ~~that~~ the Commissioner requests  
13 in order to review the Insurance Business Transfer.

14 3. The Commissioner shall have sixty (60) business days from  
15 the date of receipt of a complete Insurance Business Transfer Plan  
16 to review the Plan to determine if the applicant is authorized to  
17 submit it to the court. The Commissioner may extend the sixty-day  
18 review period for an additional thirty (30) business days.

19 4. The Commissioner shall authorize the submission of the Plan  
20 to the court unless he or she finds that the Insurance Business  
21 Transfer ~~would have~~ will cause a material adverse ~~impact~~ effect on  
22 the interests of policyholders, reinsurers, or claimants that are  
23 part of the subject business.

1           5. If the Commissioner determines that the Insurance Business  
2 Transfer ~~would have~~ will cause a material adverse ~~impact~~ effect on  
3 the interests of policyholders, reinsurers, or claimants that are  
4 part of the subject business, ~~he or she~~ the Commissioner shall  
5 notify the applicant and specify any modifications, supplements or  
6 amendments and any additional information or documentation with  
7 respect to the Plan that must be provided to the Commissioner before  
8 he or she will allow the applicant to proceed with the court filing.

9           6. The applicant shall have thirty (30) days from the date the  
10 Commissioner notifies him or her, pursuant to paragraph 5 of this  
11 subsection, to file an amended Insurance Business Transfer Plan  
12 providing the modifications, supplements or amendments and  
13 additional information or documentation as requested by the  
14 Commissioner. If necessary the applicant may request in writing an  
15 extension of time of thirty (30) days. If the applicant does not  
16 make an amended filing within the time period provided for in this  
17 paragraph, including any extension of time granted by the  
18 Commissioner, the Insurance Business Transfer Plan filing will  
19 terminate and a subsequent filing by the applicant will be  
20 considered a new filing which shall require compliance with all  
21 provisions of this act as if the prior filing had never been made.

22           7. The Commissioner's review period in paragraph 3 of this  
23 subsection shall recommence when the modification, supplement,  
24



1 amendment or additional information requested in paragraph 5 of this  
2 subsection is received.

3 8. If the Commissioner determines that the ~~Plan~~ applicant may  
4 proceed with filing a petition with the court ~~filing~~ seeking  
5 approval and implementation of the Plan, the Commissioner shall  
6 confirm that fact in writing to the applicant.

7 B. ~~Application~~ Petition to the court for approval and  
8 implementation of the Insurance Business Transfer Plan.

9 1. Within thirty (30) days after ~~notice~~ the filing and  
10 transmission of the Commissioner's order determining the ~~from the~~  
11 ~~Commissioner that the applicant may proceed with the court filing,~~  
12 ~~the applicant shall apply to the court for approval of the Insurance~~  
13 ~~Business Transfer Plan~~ satisfies the requirements of this act, the  
14 assuming insurer, transferring insurer, or reinsurer may file a  
15 petition with the court seeking an order of approval and  
16 implementation of the Insurance Business Transfer Plan. Upon  
17 written request by the applicant to the Commissioner, the  
18 ~~Commissioner may extend the period for filing an application a~~  
19 petition under this subsection with the court may be extended for an  
20 additional thirty (30) days.

21 2. The ~~applicant~~ petition shall ~~inform the court of the reasons~~  
22 ~~why he or she petitions the court to find no material adverse impact~~  
23 ~~to policyholders or claimants affected by the proposed transfer.~~  
24 include:

- 1           a. relief sought,
- 2           b. information, arguments, and authorities supporting the  
3           requested relief including information and analysis  
4           which will support the court's finding that the plan  
5           will not result in a material adverse effect to  
6           policyholders, reinsurers, or claimants,
- 7           c. the Insurance Business Transfer Plan,
- 8           d. preliminary list of witnesses and exhibits which the  
9           petitioner reasonably intends to present to the court,  
10           and
- 11           e. request for the court to enter judgement in favor of  
12           the petitioner, which shall include finding of fact,  
13           conclusion of law, order of approval and  
14           implementation of the Plan, and retention of  
15           jurisdiction to allow the parties to request such  
16           orders regarding incidental, consequential, and  
17           supplementary matters necessary to assure the full and  
18           effective implementation of the Plan.

19           3. ~~The application shall be in the form of a verified petition~~  
20 ~~for implementation of the Insurance Business Transfer Plan in the~~  
21 ~~court. The petition shall include the Insurance Business Transfer~~  
22 ~~Plan and shall identify any documents and witnesses which the~~  
23 ~~applicant intends to present at a hearing regarding the petition.~~

1       4. The Commissioner shall be a party to the proceedings before  
2 the court concerning the petition and shall be served with copies of  
3 all filings pursuant to subsection D of Section 2005 of Title 12 of  
4 the Oklahoma Statutes and the Rules for District Courts of Oklahoma.

5       4. The Commissioner's position in the proceeding shall not be  
6 limited by his or her initial review of the Plan.

7       5. ~~Following the filing of the petition, the applicant shall~~  
8 ~~file a motion for a scheduling order setting a hearing on the~~  
9 ~~petition.~~ Within thirty (30) days after the filing of the petition,  
10 the petitioner shall file a request for the court to enter a  
11 preliminary scheduling order, which shall include a date and time  
12 for a status conference. The status conference shall occur no less  
13 than fourteen (14) days after the conclusion of the sixty (60) day  
14 comment period required in paragraph 8 of this subsection.

15       6. Within ~~fifteen (15)~~ forty-five (45) days after ~~receipt of~~  
16 the court enters the preliminary scheduling order, the applicant  
17 petitioner shall cause the transmission and publication of a notice  
18 of the hearing to be provided matter before the court in accordance  
19 with the notice provisions of Section 1685 of this title. Following  
20 ~~the date of distribution of the notice, there shall be a sixty-day~~  
21 ~~comment period.~~

22       7. The notice ~~to policyholders shall state or provide~~ include:

- 23           a. the date and time of the ~~approval hearing~~ status  
24                 conference required in paragraph 5 of this subsection,

- 1           b.    the name, address and telephone number of the assuming  
2                   insurer, ~~and transferring insurer, and Commissioner~~  
3                   for policyholders to contact to obtain further  
4                   information,
- 5           c.    ~~that a policyholder may comment on or object to the~~  
6                   ~~transfer and novation~~ procedures and deadlines for  
7                   policyholders, claimants, and third parties to submit  
8                   comments, objections, and requests to be heard at  
9                   trial regarding the Plan,
- 10          d.    ~~the procedures and deadline for submitting comments or~~  
11                   ~~objections on the Plan~~ procedure for policyholders to  
12                   request the petitioner provide one (1) hard copy, free  
13                   of charge, to policyholders unable to access or  
14                   acquire an electronic copy of the Plan and associated  
15                   information, if any,
- 16          e.    a summary of any effect that the transfer and novation  
17                   ~~will have on the policyholder's rights~~ the order  
18                   entered by the Commissioner pursuant to paragraph 8 of  
19                   subsection A of this section including the effect the  
20                   plan will have on the policy holders, if any,
- 21          f.    ~~a statement that the assuming insurer is authorized,~~  
22                   ~~as provided in this section, to assume the subject~~  
23                   ~~business and that court approval of the Plan shall~~  
24                   ~~extinguish all rights of policyholders under policies~~

1 ~~that are part of the subject business against the~~  
2 ~~transferring insurer name and location of the court in~~  
3 ~~which the petition is filed,~~

4 g. ~~that policyholders shall not have the opportunity to~~  
5 ~~opt out of or otherwise reject the transfer and~~  
6 ~~novation case number, parties, and other identifying~~  
7 ~~information of the matter in the petition,~~

8 h. ~~contact information for the Insurance Department where~~  
9 ~~the policyholder may obtain further information relief~~  
10 ~~sought in the petition, and~~

11 i. ~~information on how an electronic copy of the Insurance~~  
12 ~~Business Transfer Plan may be accessed. In the event~~  
13 ~~policyholders are unable to readily access electronic~~  
14 ~~copies, the applicant shall provide hard copies by~~  
15 ~~first-class mail. procedure to access an electronic~~  
16 ~~copy of the Plan and associated information, if any,~~

17 j. ~~further notice of filings, schedules, orders, and~~  
18 ~~other information will only be provided pursuant to~~  
19 ~~paragraph 10 of this subsection, and~~

20 k. ~~if the Plan is approved by the court, the court shall~~  
21 ~~enter judgement consistent with paragraph 3 of~~  
22 ~~subsection C of this section.~~

23 8. ~~The last date of transmission and publication of the notice~~  
24 ~~shall be followed by a comment period no less than sixty (60) days.~~

1        9. Any person, including by their legal representative, who  
2 provides written notice within the sixty (60) day comment period  
3 identified in paragraph 8 of this subsection, and states the person  
4 considers himself, herself or itself to be materially adversely  
5 affected ~~can~~ by the approval and implementation of the Plan may  
6 present evidence or comments to the court at ~~the approval hearing~~  
7 trial. However, such comment or evidence shall not confer standing  
8 as a party on any person. Any person participating in any pretrial  
9 proceeding or the trial of petitioner's request for approval hearing  
10 and implementation of the Plan must follow the process established  
11 by the court and shall bear his or her own costs and attorney fees.

12        10. Only parties to this matter and those persons and other  
13 third parties who file a request to provide comments, objections, or  
14 requests to be heard pursuant to paragraph 8 of this subsection  
15 shall receive further notice and copies of filings with the court,  
16 pursuant to subsection D of Section 2005 of Title 12 of the Oklahoma  
17 Statutes and the Rules for District Courts of Oklahoma; provided,  
18 however, all persons and other third parties shall receive notice  
19 pursuant to subparagraph d of paragraph 3 of subsection C of this  
20 section.

21        11. Within forty-five (45) days of the status conference  
22 required pursuant to paragraph 5 of this subsection, the petitioner  
23 shall file a motion for a scheduling order and to enter this matter  
24 on the court's trial docket.

1 C. Approval by the court of the Insurance Business Transfer  
2 Plan.

3 1. ~~After the comment period pursuant to paragraph 6 of~~  
4 ~~subsection B of this section has ended the Insurance Business~~  
5 ~~Transfer Plan shall be presented by the applicant for approval by~~  
6 ~~the court.~~ Pursuant to a scheduling order set forth in paragraph 11  
7 of subsection B of this section, and other orders by the court, the  
8 petitioner shall present the Insurance Business Transfer Plan,  
9 evidence, and arguments to the court for approval and implementation  
10 of the Plan.

11 2. At any time before the court issues ~~an order approving the~~  
12 ~~Insurance Business Transfer Plan judgement,~~ the applicant petitioner  
13 may withdraw the ~~Insurance Business Transfer Plan petition~~ without  
14 prejudice to refiling.

15 3. If the court finds that the approval and implementation of  
16 the Insurance Business Transfer Plan ~~would~~ will not materially  
17 adversely affect the interests of policyholders or claimants ~~that~~ of  
18 policies which are part of the subject business, the court shall  
19 enter ~~an implementation order judgement~~ judgement in favor of the petitioner.

20 The ~~implementation judgement and~~ order shall include:

- 21 a. ~~order implementation of the Insurance Business~~  
22 ~~Transfer Plan~~ findings of fact,
- 23 b. ~~order a statutory novation with respect to all~~  
24 ~~policyholders or reinsureds and their respective~~

1 ~~policies and reinsurance agreements under the subject~~  
2 ~~business, including the extinguishment of all rights~~  
3 ~~of policyholders under policies that are part of the~~  
4 ~~subject business against the transferring insurer, and~~  
5 ~~providing that the transferring insurer shall have no~~  
6 ~~further rights, obligations, or liabilities with~~  
7 ~~respect to such policies, and that the assuming~~  
8 ~~insurer shall have all such rights, obligations, and~~  
9 ~~liabilities as if it were the original insurer of such~~  
10 ~~policies~~ conclusion of law,

11 c. ~~release the transferring insurer from any and all~~  
12 ~~obligations or liabilities under policies that are~~  
13 ~~part of the subject business,~~ approval and  
14 implementation of the Plan including:

15 (1) simultaneous transfer and novation from the  
16 transferring insurer to the assuming insurer of  
17 the subject business with respect to all  
18 policyholders, reinsurers, claimants and their  
19 respective policies, and reinsurance agreements  
20 under the subject business,

21 (2) simultaneous transfer and novation from the  
22 transferring insurer and the assuming insurer of  
23 all property, rights, obligations, and  
24 liabilities including, but not limited to, the



1 ceded reinsurance of transferred policies and  
2 contracts included in the subject business,  
3 notwithstanding any nonassignment provisions in  
4 any such reinsurance contracts or other  
5 agreements,

6 (3) assuming insurer shall have all of transferring  
7 insurer's rights, obligations, and liabilities  
8 regarding the subject business as if it were the  
9 original insurer of such policies including the  
10 same standing as the transferring insurer  
11 pursuant to contract, statute, and  
12 interpretation, relating back to the issuance of  
13 such policies, and

14 (4) policyholders' and claimants' rights obligations  
15 and liabilities, if any, under their respective  
16 policies which are part of the subject business  
17 shall not be enlarged, extended, limited, or  
18 reduced; provided, however, the policyholders and  
19 claimants may not pursue or be pursued by the  
20 transferring insurer to satisfy their respective  
21 rights, obligations, and liabilities, but instead  
22 the policyholders and claimants may pursue or be  
23 pursued by the assuming insurer,

- 1           d. ~~authorize and order the transfer of property or~~  
2           ~~liabilities, including, but not limited to, the ceded~~  
3           ~~reinsurance of transferred policies and contracts on~~  
4           ~~the subject business, notwithstanding any~~  
5           ~~nonassignment provisions in any such reinsurance~~  
6           ~~contracts. The subject business shall vest in and~~  
7           ~~become liabilities of the assuming insurer,~~  
8           e. ~~order that the applicant provide notice of the~~  
9           petitioner to provide notice of the judgement  
10           including the resulting transfer and novation in  
11           accordance with the notice provisions in Section 1685  
12           of this title, ~~and~~  
13           ~~f.~~ e. make such other orders and provisions with respect to  
14           incidental, consequential and supplementary matters as  
15           are necessary to assure the full and effective  
16           implementation of the Insurance Business Transfer Plan  
17           ~~is fully and effectively carried out., and~~  
18           f. retain jurisdiction of the matter to allow the parties  
19           to request such additional orders regarding  
20           incidental, consequential, and supplemental matters  
21           necessary to assure the full and effective  
22           implementation of the Plan.

23           4. If the court finds that the Insurance Business Transfer Plan  
24 should not be approved, the court by its order may:

- 1 a. deny the petition, or  
2 b. provide the ~~applicant~~ petitioner leave to file an  
3 amended petition including an amended Insurance  
4 Business Transfer Plan and petition.

5 5. Nothing in this section in any way affects the right of  
6 appeal of any party.

7 D. An unexpired and in-force policy issued to a policyholder  
8 who resides in a state other than Oklahoma shall not be transferred  
9 and novated unless or until the assuming insurer is licensed,  
10 authorized, permitted, or otherwise legally allowed to administer  
11 the subject business in the same manner as the transferring insurer  
12 in the state of the policyholder's residence.

13 E. The court may approve the requested transfer and novation of  
14 the subject business, with effectiveness of all or part of the  
15 implementation deferred until the assuming insurer can satisfy the  
16 requirements pursuant to subsection D of this section.

17 ~~D. F. Implementation of Insurance Business Transfer Plan Rules.~~

18 The Commissioner shall have the authority to promulgate rules to  
19 effectuate the provisions of the Insurance Business Transfer Act.

20 ~~E. G. The review of an application for an Insurance Business~~  
21 ~~Transfer, including any documents, materials, All testimony,~~  
22 documents, exhibits, analysis, communications, or other information  
23 or evidence submitted to the Commissioner or independent expert in  
24 contemplation of ~~such~~ an application, submitted to the court in

1 support of a petition, or developed by the Commissioner or  
2 independent expert in connection with such application, or petition  
3 for approval and implementation of an Insurance Business Transfer  
4 Plan, shall be treated for purposes of confidentiality as an  
5 examination of the financial condition and/or market conduct of the  
6 transacting companies under Sections 309.1 through 309.7 of this  
7 title.

8 SECTION 5. It being immediately necessary for the preservation  
9 of the public peace, health or safety, an emergency is hereby  
10 declared to exist, by reason whereof this act shall take effect and  
11 be in full force from and after its passage and approval.

12  
13 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated 04/06/2022 - DO  
14 PASS.

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