

1 ENGROSSED HOUSE AMENDMENT  
TO  
2 ENGROSSED SENATE BILL NO. 1488 By: Quinn of the Senate  
3 and  
4 Mulready of the House  
5  
6

7 An Act relating to credit for reinsurance; amending  
8 36 O.S. 2011, Sections 5122 and 5123, which relate to  
9 credit allowance and securities; \* \* \* amending 36  
10 O.S. 2011, Section 5124, which relates to rules and  
11 regulations; \* \* \* amending 36 O.S. 2011, Section  
12 5125, which relates to application of amendments to  
13 act; \* \* \* providing for codification; and providing  
14 an effective date.

15 AMENDMENT NO. 1. Strike the title, enacting clause and entire bill  
16 and insert

17 "An Act relating to credit for reinsurance; amending  
18 36 O.S. 2011, Sections 5122 and 5123, which relate  
19 to credit allowance and securities; modifying  
20 requirements to be an accredited reinsurer;  
21 clarifying person making certain accreditation;  
22 requiring reinsurers to demonstrate financial  
23 capacity; modifying terms of financial capacity;  
24 updating statutory references; clarifying authority  
to approve credit for reinsurance; modifying certain  
deadline date; modifying terms of reporting;  
decreasing required surplus for certain categories  
of trusts under certain circumstances; modifying  
dates and conforming language; specifying when  
certain credit is allowed; providing insurer  
requirements for certification; authorizing certain  
associations to be certified reinsurers; providing  
requirements for association certification;  
requiring Insurance Commissioner to publish certain  
list; requiring certain association to satisfy

1 minimum capital and surplus requirements by certain  
2 method; prohibiting certain members of an  
3 association from certain conduct; requiring  
4 association to provide certain annual certification;  
5 requiring Insurance Commissioner to publish list of  
6 qualified jurisdictions for certain eligible  
7 insurers; providing method for determination of  
8 qualified jurisdictions; requiring publication of  
9 certain list for consideration by the Insurance  
10 Commissioner; specifying certain jurisdictions as  
11 qualified; authorizing the Insurance Commissioner to  
12 suspend reinsurer certification under certain  
13 circumstances; requiring assignment of certain  
14 rating; providing method for securing obligations of  
15 certified reinsurers; providing method for domestic  
16 ceding insurers to qualify for certain reinsurance;  
17 providing method of securing obligations with  
18 certain trust instrument; stating nonapplication of  
19 certain surplus requirements; specifying method for  
20 reduction of allowable credit when security is  
21 insufficient; stating status for certain reinsurers  
22 that have certification terminated; defining certain  
23 term; providing for certain nonapplication for  
24 certain ratings; authorizing certification when  
applicants are certified under certain jurisdiction;  
allowing for inactive status; providing  
requirements; adding reference for credit  
requirements; deleting certain defined terms;  
authorizing the Insurance Commissioner to suspend or  
revoke accreditation and certification; stating  
procedures; requiring ceding insurers to manage  
certain reinsurance recoverables; providing  
procedures; requiring ceding insurers to diversify  
their reinsurance programs; providing procedures;  
authorizing the Insurance Commissioner to adopt  
certain regulations relating to assets, credits and  
forms of security; clarifying meaning of securities;  
defining terms; authorizing the Insurance  
Commissioner to adopt certain rules; stating certain  
application of rules under certain circumstances;  
stating nonapplication of rules to certain insurers;  
clarifying authority to adopt certain regulations;  
modifying dates of application of certain act;  
amending 36 O.S. 2011, Section 5124, which relates  
to rules and regulations; authorizing the Insurance  
Commissioner to adopt certain rules and regulations;  
specifying types of regulations; specifying certain

1 dates of treaties; authorizing ceding insurers the  
2 use of certain manual information under certain  
3 conditions; prohibiting certain regulations;  
4 repealing 36 O.S. 2011, Section 5125, which relates  
5 to application of amendments to act; providing for  
6 codification; and providing an effective date.

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

8 SECTION 1. AMENDATORY 36 O.S. 2011, Section 5122, is  
9 amended to read as follows:

10 Section 5122. A. Credit for reinsurance shall be allowed a  
11 domestic ceding insurer as either an asset or a reduction from  
12 liability on account of reinsurance ceded only when the reinsurer  
13 meets the requirements of subsection B, C, D, E, ~~or F~~ or G of this  
14 section; provided, further, that the Commissioner may adopt by  
15 regulation pursuant to subsection B of Section 5124 of this title,  
16 specific additional requirements relating to or setting forth the  
17 valuation of assets or reserve credits, the amount and forms of  
18 security supporting reinsurance arrangements described in subsection  
19 B of Section 5124 of this title and the circumstances pursuant to  
20 which credit will be reduced or eliminated. Credit shall be allowed  
21 under subsection B, C or D of this section only as respects cessions  
22 of those kinds or classes of business in which the assuming insurer  
23 is licensed or otherwise permitted to write or assume in its state  
24 of domicile or, in the case of a United States branch of an alien  
assuming insurer, in the state through which it is entered and

1 licensed to transact insurance or reinsurance. Credit shall be  
2 allowed under subsection D or E of this section only if the  
3 applicable requirements of subsection G H have been satisfied.

4 B. Credit shall be allowed when the reinsurance is ceded to an  
5 assuming insurer that is licensed to transact insurance or  
6 reinsurance in this state.

7 C. Credit shall be allowed when the reinsurance is ceded to an  
8 assuming insurer that is accredited by the Insurance Commissioner as  
9 a reinsurer in this state. An accredited reinsurer is one that:

10 1. Files with the Insurance Commissioner evidence of its  
11 submission to this state's jurisdiction;

12 2. Submits to this state's authority to examine its books and  
13 records;

14 3. Is licensed to transact insurance or reinsurance in at least  
15 one state, or in the case of a United States branch of an alien  
16 assuming insurer is entered through and licensed to transact  
17 insurance or reinsurance in at least one state; ~~and~~

18 4. Files annually with the Insurance Commissioner a copy of its  
19 annual statement filed with the insurance department of its state of  
20 domicile and a copy of its most recent audited financial statement, ~~and~~  
21 ~~and either:~~

22 a. ~~maintains a surplus as regards policyholders in an~~  
23 ~~amount which is not less than Twenty Million Dollars~~  
24 ~~(\$20,000,000.00) and whose accreditation has not been~~

1 ~~denied by the Insurance Commissioner within ninety~~  
2 ~~(90) days of its submission, or~~

3 ~~b.~~

4 5. Demonstrates to the satisfaction of the Insurance

5 Commissioner that it has adequate financial capacity to meet its  
6 reinsurance obligations and is otherwise qualified to assume  
7 reinsurance from domestic insurers. An assuming insurer is deemed  
8 to meet this requirement as of the time of its application if it  
9 maintains a surplus as regards policyholders in an amount not less  
10 than Twenty Million Dollars (\$20,000,000.00) and ~~whose~~ its  
11 accreditation has not been ~~approved~~ denied by the Insurance  
12 Commissioner within ninety (90) days after submission of its  
13 application.

14 ~~No credit shall be allowed a domestic ceding insurer, if the~~  
15 ~~assuming insurers' accreditation has been revoked by the Insurance~~  
16 ~~Commissioner after notice and opportunity for hearing.~~

17 D. Credit shall be allowed when the reinsurance is ceded to an  
18 assuming insurer that is domiciled in, or in the case of a United  
19 States branch of an alien assuming insurer is entered through, a  
20 state that employs standards regarding credit for reinsurance  
21 substantially similar to those applicable under this statute and the  
22 assuming insurer or United States branch of an alien assuming  
23 insurer:

1 1. Maintains a surplus as regards policyholders in an amount  
2 not less than Twenty Million Dollars (\$20,000,000.00); and

3 2. Submits to the authority of this state to examine its books  
4 and records.

5 The requirement of paragraph 1 of this subsection does not apply  
6 to reinsurance ceded and assumed pursuant to pooling arrangements  
7 among insurers in the same holding company system.

8 E. 1. Credit shall be allowed when the reinsurance is ceded to  
9 an assuming insurer that maintains a trust fund in a qualified  
10 United States financial institution, as defined in ~~subsection J~~  
11 Section 3 of this ~~section~~ act, for the payment of the valid claims  
12 of its United States ceding insurers, their assigns and successors  
13 in interest. To enable the Insurance Commissioner to determine the  
14 sufficiency of the trust fund, the assuming insurer shall report  
15 annually to the Insurance Commissioner information substantially the  
16 same as that required to be reported on the National Association of  
17 Insurance Commissioners ~~annual statement~~ Annual Statement form by  
18 licensed insurers. The assuming insurer shall submit to examination  
19 of its books and records by the Commissioner and bear the expense of  
20 examination.

21 2. Credit for reinsurance shall not be granted under this  
22 subsection unless the form of the trust and any amendments to the  
23 trust have been approved by:  
24

1           a.    the Commissioner of the state where the trust is  
2                domiciled, or

3           b.    the Commissioner of another state who, pursuant to the  
4                terms of the trust instrument, has accepted principal  
5                regulatory oversight of the trust.

6           3. The form of the trust and any trust amendments also shall be  
7 filed with the Insurance Commissioner of every state in which the  
8 ceding insurer beneficiaries of the trust are domiciled. The trust  
9 instrument shall provide that contested claims shall be valid and  
10 enforceable upon the final order of any court of competent  
11 jurisdiction in the United States. The trust shall vest legal title  
12 to its assets in its trustees for the benefit of the assuming  
13 insurer's United States ceding insurers, their assigns and  
14 successors in interest. The trust and the assuming insurer shall be  
15 subject to examination as determined by the Insurance Commissioner.

16           4. The trust shall remain in effect for as long as the assuming  
17 insurer has outstanding obligations due under the reinsurance  
18 agreements subject to the trust.

19           ~~3.~~ 5. No later than ~~March 1~~ February 28 of each year the  
20 ~~trustees~~ trustee of the trust shall report to the Insurance  
21 Commissioner in writing the balance of the trust and listing the  
22 trust's investments at the preceding year end and shall certify the  
23 date of termination of the trust, if so planned, or certify that the  
24 trust shall not expire prior to the ~~next~~ following December 31.

1        ~~4.~~ 6. The following requirements apply to the following  
2 categories of assuming insurer:

3            a. the trust fund for a single assuming insurer shall  
4 consist of funds in trust in an amount not less than  
5 the assuming insurer's liabilities attributable to  
6 reinsurance ceded by United States ceding insurers,  
7 and, in addition, the assuming insurer shall maintain  
8 a trusted surplus of not less than Twenty Million  
9 Dollars (\$20,000,000.00), except as provided in  
10 subparagraph b of this paragraph,

11            b. at any time after the assuming insurer has permanently  
12 discontinued underwriting new business secured by the  
13 trust for at least three (3) full years, the  
14 Commissioner with principal regulatory oversight of  
15 the trust may authorize a reduction in the required  
16 trusted surplus, but only after a finding, based on  
17 an assessment of the risk, that the new required  
18 surplus level is adequate for the protection of United  
19 States ceding insurers, policyholders and claimants in  
20 light of reasonably foreseeable adverse loss  
21 development. The risk assessment may involve an  
22 actuarial review, including an independent analysis of  
23 reserves and cash flows, and shall consider all  
24 material risk factors, including when applicable the



1 lines of business involved, the stability of the  
2 incurred loss estimates and the effect of the surplus  
3 requirements on the assuming insurer's liquidity or  
4 solvency. The minimum required trusteed surplus shall  
5 not be reduced to an amount less than thirty percent  
6 (30%) of the assuming insurer's liabilities  
7 attributable to reinsurance ceded by United States  
8 ceding insurers covered by the trust,

9 c. (1) in the case of a group including incorporated and  
10 individual unincorporated underwriters:

11 (a) for reinsurance ceded under reinsurance  
12 agreements with an inception, amendment or  
13 renewal date on or after ~~August 1, 1995~~  
14 January 1, 1993, the trust shall consist of  
15 a trusteed account in an amount not less  
16 than the ~~group's~~ respective underwriters'  
17 several liabilities attributable to business  
18 ceded by United States-domiciled ceding  
19 insurers to any ~~member~~ underwriter of the  
20 group,

21 (b) for reinsurance ceded under reinsurance  
22 agreements with an inception date on or  
23 before ~~July 31, 1995~~ December 31, 1992, and  
24 not amended or renewed after that date,

1                   notwithstanding the other provisions of this  
2                   act, the trust shall consist of a trusteeed  
3                   account in an amount not less than the  
4                   ~~group's~~ respective underwriters' several  
5                   insurance and reinsurance liabilities  
6                   attributable to business written in the  
7                   United States, and

8                   (c) in addition to these trusts, the group shall  
9                   maintain in trust a trusteeed surplus of  
10                   which One Hundred Million Dollars  
11                   (\$100,000,000.00) shall be held jointly for  
12                   the benefit of the United States-domiciled  
13                   ceding insurers of any member of the group  
14                   for all years of account,

15                   (2) the incorporated members of the group shall not  
16                   be engaged in any business other than  
17                   underwriting as a member of the group and shall  
18                   be subject to the same level of regulation and  
19                   solvency control by the group's domiciliary  
20                   regulator as are the unincorporated members, and

21                   (3) within ninety (90) days after its financial  
22                   statements are due to be filed with the group's  
23                   domiciliary regulator, the group shall provide to  
24                   the Commissioner an annual certification by the

1 group's domiciliary regulator of the solvency of  
2 each underwriter member; or if a certification is  
3 unavailable, financial statements, prepared by  
4 independent public accountants, of each  
5 underwriter member of the group, and

6 ~~e.~~ d. in the case of a group of incorporated underwriters  
7 under common administration, the group shall:

- 8 (1) have continuously transacted an insurance  
9 business outside the United States for at least  
10 three (3) years immediately prior to making  
11 application for accreditation,  
12 (2) maintain aggregate policyholders' surplus of at  
13 least Ten Billion Dollars (\$10,000,000,000.00),  
14 (3) maintain a trust fund in an amount not less than  
15 the group's several liabilities attributable to  
16 business ceded by United States-domiciled ceding  
17 insurers to any member of the group pursuant to  
18 reinsurance contracts issued in the name of the  
19 group,  
20 (4) in addition, maintain a joint trustee surplus of  
21 which One Hundred Million Dollars  
22 (\$100,000,000.00) shall be held jointly for the  
23 benefit of United States-domiciled ceding  
24

1 insurers of any member of the group as additional  
2 security for these liabilities, and

3 (5) within ninety (90) days after its financial  
4 statements are due to be filed with the group's  
5 domiciliary regulator, make available to the  
6 Commissioner an annual certification of each  
7 underwriter member's solvency by the member's  
8 domiciliary regulator and financial statements of  
9 each underwriter member of the group prepared by  
10 its independent public accountant.

11 F. Credit shall be allowed when the reinsurance is ceded to an  
12 assuming insurer that has been certified by the Commissioner as a  
13 reinsurer in this state and secures its obligations in accordance  
14 with the requirements of this subsection.

15 1. In order to be eligible for certification, the assuming  
16 insurer shall meet the following requirements:

17 a. the assuming insurer shall be domiciled and licensed  
18 to transact insurance or reinsurance in a qualified  
19 jurisdiction, as determined by the Commissioner  
20 pursuant to paragraph 3 of this subsection,

21 b. the assuming insurer shall maintain minimum capital  
22 and surplus, or its equivalent, in an amount to be  
23 determined by the Commissioner pursuant to regulation,

1        c. the assuming insurer shall maintain financial strength  
2        ratings from two or more rating agencies deemed  
3        acceptable by the Commissioner pursuant to regulation,

4        d. the assuming insurer shall agree to submit to the  
5        jurisdiction of this state, appoint the Commissioner  
6        as its agent for service of process in this state and  
7        agree to provide security for one hundred percent  
8        (100%) of the assuming insurer's liabilities  
9        attributable to reinsurance ceded by United States  
10       ceding insurers if it resists enforcement of a final  
11       United States judgment,

12       e. the assuming insurer shall agree to meet applicable  
13       information filing requirements as determined by the  
14       Commissioner, both with respect to an initial  
15       application for certification and on an ongoing basis,  
16       and

17       f. the assuming insurer shall satisfy any other  
18       requirements for certification deemed relevant by the  
19       Commissioner.

20       2. An association, including incorporated and individual  
21       unincorporated underwriters, may be a certified reinsurer. In order  
22       to be eligible for certification, in addition to satisfying  
23       requirements of paragraph 1 of this subsection:  
24

- 1        a. the association shall satisfy its minimum capital and  
2        surplus requirements through the capital and surplus  
3        equivalents (net of liabilities) of the association  
4        and its members, which shall include a joint central  
5        fund that may be applied to any unsatisfied obligation  
6        of the association or any of its members, in an amount  
7        determined by the Commissioner to provide adequate  
8        protection,
- 9        b. the incorporated members of the association shall not  
10       be engaged in any business other than underwriting as  
11       a member of the association and shall be subject to  
12       the same level of regulation and solvency control by  
13       the association's domiciliary regulator as are the  
14       unincorporated members, and
- 15       c. within ninety (90) days after its financial statements  
16       are due to be filed with the association's domiciliary  
17       regulator, the association shall provide to the  
18       Commissioner an annual certification by the  
19       association's domiciliary regulator of the solvency of  
20       each underwriter member; or if a certification is  
21       unavailable, financial statements, prepared by  
22       independent public accountants, of each underwriter  
23       member of the association.
- 24

1       3. The Commissioner shall create and publish a list of  
2 qualified jurisdictions under which an assuming insurer licensed and  
3 domiciled in such jurisdiction is eligible to be considered for  
4 certification by the Commissioner as a certified reinsurer.

5       a. In order to determine whether the domiciliary  
6 jurisdiction of a non-United-States assuming insurer  
7 is eligible to be recognized as a qualified  
8 jurisdiction, the Commissioner shall evaluate the  
9 appropriateness and effectiveness of the reinsurance  
10 supervisory system of the jurisdiction, both initially  
11 and on an ongoing basis, and consider the rights,  
12 benefits and the extent of reciprocal recognition  
13 afforded by the non-United-States jurisdiction to  
14 reinsurers licensed and domiciled in the United  
15 States. A qualified jurisdiction shall agree to share  
16 information and cooperate with the Commissioner with  
17 respect to all certified reinsurers domiciled within  
18 that jurisdiction. A jurisdiction shall not be  
19 recognized as a qualified jurisdiction if the  
20 Commissioner has determined that the jurisdiction does  
21 not adequately and promptly enforce final United  
22 States judgments and arbitration awards. Additional  
23 factors may be considered in the discretion of the  
24 Commissioner.

1           b. A list of qualified jurisdictions shall be published  
2           through the NAIC Committee Process. The Commissioner  
3           shall consider this list in determining qualified  
4           jurisdictions. If the Commissioner approves a  
5           jurisdiction as qualified that does not appear on the  
6           list of qualified jurisdictions, the Commissioner  
7           shall provide thoroughly documented justification in  
8           accordance with criteria to be developed under  
9           regulations.

10          c. United States jurisdictions that meet the requirement  
11          for accreditation under the NAIC financial standards  
12          and accreditation program shall be recognized as  
13          qualified jurisdictions.

14          d. If a certified reinsurer's domiciliary jurisdiction  
15          ceases to be a qualified jurisdiction, the  
16          Commissioner may at his or her discretion suspend the  
17          reinsurer's certification indefinitely, in lieu of  
18          revocation.

19          4. The Commissioner shall assign a rating to each certified  
20          reinsurer, giving due consideration to the financial strength  
21          ratings that have been assigned by rating agencies deemed acceptable  
22          to the Commissioner pursuant to regulation. The Commissioner shall  
23          publish a list of all certified reinsurers and their ratings.



1       5. A certified reinsurer shall secure obligations assumed from  
2 United States ceding insurers under this subsection at a level  
3 consistent with its rating, as specified in regulations promulgated  
4 by the Commissioner.

5           a. In order for a domestic ceding insurer to qualify for  
6 full financial statement credit for reinsurance ceded  
7 to a certified reinsurer, the certified reinsurer  
8 shall maintain security in a form acceptable to the  
9 Commissioner and consistent with the provisions of  
10 Section 5123 of this title, or in a multibeneficiary  
11 trust in accordance with subsection E of this section,  
12 except as otherwise provided in this subsection.

13           b. If a certified reinsurer maintains a trust to fully  
14 secure its obligations subject to subsection E of this  
15 section, and chooses to secure its obligations  
16 incurred as a certified reinsurer in the form of a  
17 multibeneficiary trust, the certified reinsurer shall  
18 maintain separate trust accounts for its obligations  
19 incurred under reinsurance agreements issued or  
20 renewed as a certified reinsurer with reduced security  
21 as permitted by this subsection or comparable laws of  
22 other United States jurisdictions and for its  
23 obligations subject to subsection E of this section.  
24 It shall be a condition to the grant of certification

1           under this subsection that the certified reinsurer  
2           shall have bound itself, by the language of the trust  
3           and agreement with the Commissioner with principal  
4           regulatory oversight of each such trust account, to  
5           fund, upon termination of any such trust account, out  
6           of the remaining surplus of such trust any deficiency  
7           of any other such trust account.

8           c. The minimum trustee surplus requirements provided in  
9           subsection E of this section are not applicable with  
10           respect to a multibeneficiary trust maintained by a  
11           certified reinsurer for the purpose of securing  
12           obligations incurred under this subsection, except  
13           that such trust shall maintain a minimum trustee  
14           surplus of Ten Million Dollars (\$10,000,000.00).

15           d. With respect to obligations incurred by a certified  
16           reinsurer under this subsection, if the security is  
17           insufficient, the Commissioner shall reduce the  
18           allowable credit by an amount proportionate to the  
19           deficiency, and may at his or her discretion impose  
20           further reductions in allowable credit upon finding  
21           that there is a material risk that the certified  
22           reinsurer's obligations will not be paid in full when  
23           due.

1       6. If an applicant for certification has been certified as a  
2 reinsurer in an NAIC-accredited jurisdiction, the Commissioner may  
3 at his or her discretion defer to that jurisdiction's certification,  
4 and may in his or her discretion defer to the rating assigned by  
5 that jurisdiction, and such assuming insurer shall be considered to  
6 be a certified reinsurer in this state.

7       7. A certified reinsurer that ceases to assume new business in  
8 this state may request to maintain its certification in inactive  
9 status in order to continue to qualify for a reduction in security  
10 for its in-force business. An inactive certified reinsurer shall  
11 continue to comply with all applicable requirements of this  
12 subsection, and the Commissioner shall assign a rating that takes  
13 into account, if relevant, the reasons why the reinsurer is not  
14 assuming new business.

15       8. For purposes of this subsection:

- 16       a. a certified reinsurer whose certification has been  
17 terminated for any reason shall be treated as a  
18 certified reinsurer required to secure one hundred  
19 percent (100%) of its obligations, and  
20       b. the term "terminated" refers to revocation,  
21 suspension, voluntary surrender and inactive status.  
22 If the Commissioner continues to assign a higher  
23 rating as permitted by this section, the requirement  
24 to secure one hundred percent (100%) of its

1                   obligations shall not apply to a certified reinsurer  
2                   in inactive status or to a reinsurer whose  
3                   certification has been suspended.

4           G. Credit shall be allowed when the reinsurance is ceded to an  
5 assuming insurer not meeting the requirements of subsection B, C, D,  
6 ~~E~~ or ~~F~~ F of this section but only as the insurance of risks located  
7 in jurisdictions where the reinsurance is required by applicable law  
8 or regulation of that jurisdiction.

9           ~~G.~~ H. If the assuming insurer is not licensed ~~or~~, accredited or  
10 certified to transact insurance or reinsurance in this state, the  
11 credit permitted by subsections D and E of this section shall not be  
12 allowed unless the assuming insurer agrees in the reinsurance  
13 agreements:

14           1. That in the event of the failure of the assuming insurer to  
15 perform its obligations under the terms of the reinsurance  
16 agreement, the assuming insurer, at the request of the ceding  
17 insurer, shall submit to the jurisdiction of any court of competent  
18 jurisdiction in any state of the United States, will comply with all  
19 requirements necessary to give the court jurisdiction, and will  
20 abide by the final decision of the court or of any appellate court  
21 in the event of an appeal; and

22           2. To designate the Insurance Commissioner or a designated  
23 attorney as its true and lawful attorney upon whom may be served any  
24

1 lawful process in any action, suit or proceeding instituted by or on  
2 behalf of the ceding ~~company~~ insurer.

3 ~~H. The provisions of this section are~~ This subsection is not  
4 intended to conflict with or override the obligation of the parties  
5 to a reinsurance agreement to arbitrate their disputes, if this  
6 obligation is created in the agreement.

7 I. If the assuming insurer does not meet the requirements of  
8 subsection B, C or D of this section, the credit permitted by  
9 subsection E or F of this section shall not be allowed unless the  
10 assuming insurer agrees in the trust agreements to the following  
11 conditions:

12 1. Notwithstanding any other provisions in the trust  
13 instrument, if the trust fund is inadequate because it contains an  
14 amount less than the amount required by paragraph 4 6 of subsection  
15 E of this section, or if the grantor of the trust has been declared  
16 insolvent or placed into receivership, rehabilitation, liquidation  
17 or similar proceedings under the laws of its state or country of  
18 domicile, the trustee shall comply with an order of the Commissioner  
19 with regulatory oversight over the trust or with an order of a court  
20 of competent jurisdiction directing the trustee to transfer to the  
21 Commissioner with regulatory oversight all of the assets of the  
22 trust fund;

23 2. The assets shall be distributed by and claims shall be filed  
24 with and valued by the Commissioner with regulatory oversight in

1 accordance with the laws of the state in which the trust is  
2 domiciled that are applicable to the liquidation of domestic  
3 insurance companies;

4 3. If the Commissioner with regulatory oversight determines  
5 that the assets of the trust fund or any part thereof are not  
6 necessary to satisfy the claims of the United States ceding insurers  
7 of the grantor of the trust, the assets or part thereof shall be  
8 returned by the Commissioner with regulatory oversight to the  
9 trustee for distribution in accordance with the trust agreement; and

10 4. The grantor shall waive any right otherwise available to it  
11 under United States law that is inconsistent with this provision.

12 J. ~~1. For purposes of subsection E of this section, "qualified~~  
13 ~~United States financial institution" means an institution that:~~

14 a. ~~is organized or, in the case of a United States office~~  
15 ~~of a foreign banking organization, is licensed under~~  
16 ~~the laws of the United States or any state thereof,~~

17 b. ~~is regulated, supervised and examined by federal or~~  
18 ~~state authorities having regulatory authority over~~  
19 ~~banks and trust companies, and~~

20 c. ~~has been determined by either the Insurance~~  
21 ~~Commissioner, or the Securities Valuation Office of~~  
22 ~~the National Association of Insurance Commissioners,~~  
23 ~~to meet such standards of financial condition and~~  
24 ~~standing as are considered necessary and appropriate~~

1 ~~to regulate the quality of financial institutions~~  
2 ~~whose letters of credit will be acceptable to the~~  
3 ~~Commissioner.~~

4 ~~2. A "qualified United States financial institution" means, for~~  
5 ~~purposes of those provisions of this law specifying those~~  
6 ~~institutions that are eligible to act as a fiduciary of a trust, an~~  
7 ~~institution that:~~

- 8 a. ~~is organized or (in the case of a United States branch~~  
9 ~~or agency office of a foreign banking organization)~~  
10 ~~licensed under the laws of the United States or any~~  
11 ~~state thereof and has been granted authority to~~  
12 ~~operate with fiduciary powers, and~~
- 13 b. ~~is regulated, supervised and examined by federal or~~  
14 ~~state authorities having regulatory authority over~~  
15 ~~banks and trust companies.~~

16 If an accredited or certified reinsurer ceases to meet the  
17 requirements for accreditation or certification, the Commissioner  
18 may suspend or revoke the reinsurer's accreditation or  
19 certification.

20 1. The Commissioner shall give the reinsurer notice and  
21 opportunity for hearing. The suspension or revocation shall not  
22 take effect until after the Commissioner's order on hearing, unless:

- 23 a. the reinsurer waives its right to hearing,  
24

1           b. the Commissioner's order is based on regulatory action  
2           by the reinsurer's domiciliary jurisdiction or the  
3           voluntary surrender or termination of the reinsurer's  
4           eligibility to transact insurance or reinsurance  
5           business in its domiciliary jurisdiction or in the  
6           primary certifying state of the reinsurer under  
7           paragraph 6 of subsection F of this section, or  
8           c. the Commissioner finds that an emergency requires  
9           immediate action and a court of competent jurisdiction  
10           has not stayed the Commissioner's action;

11           2. While a reinsurer's accreditation or certification is  
12           suspended, no reinsurance contract issued or renewed after the  
13           effective date of the suspension qualifies for credit except to the  
14           extent that the reinsurer's obligations under the contract are  
15           secured in accordance with Section 5123 of this title. If a  
16           reinsurer's accreditation or certification is revoked, no credit for  
17           reinsurance shall be granted after the effective date of the  
18           revocation except to the extent that the reinsurer's obligations  
19           under the contract are secured in accordance with paragraph 5 of  
20           subsection F of this section or Section 5123 of this title.

21           K. Concentration Risk.

22           1. A ceding insurer shall take steps to manage its reinsurance  
23           recoverables proportionate to its own book of business. A domestic  
24           ceding insurer shall notify the Commissioner within thirty (30) days



1 after reinsurance recoverables from any single assuming insurer, or  
2 group of affiliated assuming insurers, exceeds fifty percent (50%)  
3 of the domestic ceding insurer's last reported surplus to  
4 policyholders, or after it is determined that reinsurance  
5 recoverables from any single assuming insurer, or group of  
6 affiliated assuming insurers, is likely to exceed this limit. The  
7 notification shall demonstrate that the exposure is safely managed  
8 by the domestic ceding insurer.

9 2. A ceding insurer shall take steps to diversify its  
10 reinsurance program. A domestic ceding insurer shall notify the  
11 Commissioner within thirty (30) days after ceding to any single  
12 assuming insurer, or group of affiliated assuming insurers, more  
13 than twenty percent (20%) of the ceding insurer's gross written  
14 premium in the prior calendar year, or after it has determined that  
15 the reinsurance ceded to any single assuming insurer, or group of  
16 affiliated assuming insurers, is likely to exceed this limit. The  
17 notification shall demonstrate that the exposure is safely managed  
18 by the domestic ceding insurer.

19 SECTION 2. AMENDATORY 36 O.S. 2011, Section 5123, is  
20 amended to read as follows:

21 Section 5123. An asset or a reduction from liability for the  
22 reinsurance ceded by a domestic insurer to an assuming insurer not  
23 meeting the requirements of Section 5122 of this title shall be  
24 allowed in an amount not exceeding the liabilities carried by the

1 ceding insurer; provided, further, that the Commissioner may adopt  
2 by regulation pursuant to subsection B of Section 5124 of this  
3 title, specific additional requirements relating to or setting  
4 forth: the valuation of assets or reserve credits, the amount and  
5 forms of security supporting reinsurance arrangements described in  
6 subsection B of Section 5124 of this title and the circumstances  
7 pursuant to which credit will be reduced or eliminated. The  
8 reduction shall be in the amount of funds held by or on behalf of  
9 the ceding insurer, including funds held in trust for the ceding  
10 insurer, under a reinsurance contract with ~~such~~ the assuming insurer  
11 as security for the payment of obligations thereunder, if ~~such~~ the  
12 security is held in the United States subject to withdrawal solely  
13 by, and under the exclusive control of, the ceding insurer; or, in  
14 the case of a trust, held in a qualified United States financial  
15 institution, as defined in Section ~~5122~~ 3 of this ~~title~~ act. This  
16 security may be in ~~one or more of the following forms~~ form of:

- 17 1. Cash;
- 18 2. Securities listed by the Securities Valuation Office of the  
19 National Association of Insurance Commissioners, including those  
20 deemed exempt from filing as defined by the Purposes and Procedures  
21 Manual of the Securities Valuation Office and qualifying as admitted  
22 assets;
- 23 3. ~~Any other form of security acceptable to the Insurance~~  
24 ~~Commissioner; and~~

1       4. a.     Clean, irrevocable, unconditional letters of credit,  
2                   issued or confirmed by a qualified United States  
3                   financial institution, as defined in ~~paragraph 1 of~~  
4                   ~~subsection J of~~ Section 5122 3 of this ~~title~~ act,  
5                   effective no later than December 31 of the year for  
6                   which the filing is being made, and in the possession  
7                   of, or in trust for, the ceding ~~company~~ insurer on or  
8                   before the filing date of its annual statement.

9                   b.     Letters of credit meeting applicable standards of  
10                   issuer acceptability as of the dates of their issuance  
11                   or confirmation shall, notwithstanding the issuing or  
12                   confirming institution's subsequent failure to meet  
13                   applicable standards of issuer acceptability, continue  
14                   to be acceptable as security until their expiration,  
15                   extension, renewal, modification or amendment,  
16                   whichever first occurs; or

17       4. Any other form of security acceptable to the Insurance

18 Commissioner.

19       SECTION 3.       NEW LAW       A new section of law to be codified  
20 in the Oklahoma Statutes as Section 5123.1 of Title 36, unless there  
21 is created a duplication in numbering, reads as follows:

22       A.     For purposes of paragraph 3 of Section 5123 of Title 36 of  
23 the Oklahoma Statutes, a "qualified United States financial  
24 institution" means an institution that:

1 1. Is organized or, in case of a United States office of a  
2 foreign banking organization, licensed under the laws of the United  
3 States or any state thereof;

4 2. Is regulated, supervised and examined by United States  
5 federal or state authorities having regulatory authority over banks  
6 and trust companies; and

7 3. Has been determined by either the Insurance Commissioner or  
8 the Securities Valuation Office of the National Association of  
9 Insurance Commissioners to meet such standards of financial  
10 condition and standing as are considered necessary and appropriate  
11 to regulate the quality of financial institutions whose letters of  
12 credit will be acceptable to the Commissioner.

13 B. For purposes of the provisions of the Credit for Reinsurance  
14 Act specifying those institutions that are eligible to act as a  
15 fiduciary of a trust, a "qualified United States financial  
16 institution" means an institution that:

17 1. Is organized or, in the case of a United States branch or  
18 agency office of a foreign banking organization, licensed under the  
19 laws of the United States or any state thereof and has been granted  
20 authority to operate with fiduciary powers; and

21 2. Is regulated, supervised and examined by federal or state  
22 authorities having regulatory authority over banks and trust  
23 companies.

1 SECTION 4. AMENDATORY 36 O.S. 2011, Section 5124, is  
2 amended to read as follows:

3 Section 5124. A. The Insurance Commissioner may promulgate and  
4 adopt rules and regulations implementing the provisions of the  
5 Credit for Reinsurance Act.

6 B. The Insurance Commissioner is further authorized to adopt  
7 rules and regulations applicable to reinsurance arrangements  
8 described in paragraph 1 of this subsection.

9 1. A regulation adopted pursuant to this subsection may apply  
10 only to reinsurance relating to:

11 a. life insurance policies with guaranteed nonlevel gross  
12 premiums or guaranteed nonlevel benefits,

13 b. universal life insurance policies with provisions  
14 resulting in the ability of a policyholder to keep a  
15 policy in force over a secondary guarantee period,

16 c. variable annuities with guaranteed death or living  
17 benefits,

18 d. long-term care insurance policies, or

19 e. such other life and health insurance and annuity  
20 products as to which the NAIC adopts model regulatory  
21 requirements with respect to credit for reinsurance.

22 2. A regulation adopted pursuant to this subsection which is  
23 applicable to policies listed in subparagraph a or b of paragraph 1  
24 of this subsection may apply to any treaty containing:

- 1        a. policies issued on or after January 1, 2015, and  
2        b. policies issued prior to January 1, 2015, if risk  
3        pertaining to such pre-2015 policies is ceded in  
4        connection with the treaty, in whole or in part, on or  
5        after January 1, 2015, unless the NAIC Accounting  
6        Practices and Procedures Manual in effect as of  
7        December 31, 2015, excluded such pre-2015 policies  
8        from the requirements concerning the amounts and forms  
9        of security supporting reinsurance arrangements that  
10       would otherwise be applicable to such policies.

11       3. A regulation adopted pursuant to this subsection may require  
12 the ceding insurer, in calculating the amounts or forms of security  
13 required to be held under regulations promulgated under this  
14 authority, to use the Valuation Manual adopted by the NAIC under  
15 Section 11B (1) of the NAIC Standard Valuation Law, including all  
16 amendments adopted by the NAIC and in effect on the date as of which  
17 the calculation is made, to the extent applicable.

18       4. A regulation adopted pursuant to this subsection shall not  
19 apply to cessions to an assuming insurer that:

- 20       a. is certified in this state, or  
21       b. maintains at least Two Hundred Fifty Million Dollars  
22       (\$250,000,000.00) in capital and surplus when  
23       determined in accordance with the NAIC Accounting  
24       Practices and Procedures Manual, including all

1 amendments thereto adopted by the NAIC, excluding the  
2 impact of any permitted or prescribed practices; and  
3 is:

4 (1) licensed in at least twenty-six states, or

5 (2) licensed in at least ten states, and licensed or  
6 accredited in a total of at least thirty-five  
7 states.

8 5. The authority to adopt regulations pursuant to this  
9 subsection does not limit the Commissioner's general authority to  
10 adopt regulations pursuant to subsection A of this section.

11 SECTION 5. REPEALER 36 O.S. 2011, Section 5125, is  
12 hereby repealed.

13 SECTION 6. This act shall become effective November 1, 2016."

14 Passed the House of Representatives the 12th day of April, 2016.

15  
16  
17 \_\_\_\_\_  
18 Presiding Officer of the House of  
Representatives

19 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2016.

20  
21  
22 \_\_\_\_\_  
23 Presiding Officer of the Senate  
24

1 ENGROSSED SENATE  
2 BILL NO. 1488

By: Quinn of the Senate

3 and

4 Mulready of the House

5  
6 An Act relating to credit for reinsurance; amending  
7 36 O.S. 2011, Sections 5122 and 5123, which relate to  
8 credit allowance and securities; modifying  
9 requirements to be an accredited reinsurer;  
10 clarifying person making certain accreditation;  
11 requiring reinsurers to demonstrate financial  
12 capacity; modifying terms of financial capacity;  
13 updating statutory references; clarifying authority  
14 to approve credit for reinsurance; modifying certain  
15 deadline date; modifying terms of reporting;  
16 decreasing required surplus for certain categories of  
17 trusts under certain circumstances; modifying dates  
18 and conforming language; specifying when certain  
19 credit is allowed; providing insurer requirements for  
20 certification; authorizing certain associations to be  
21 certified reinsurers; providing requirements for  
22 association certification; requiring Insurance  
23 Commissioner to publish certain list; requiring  
24 certain association to satisfy minimum capital and  
surplus requirements by certain method; prohibiting  
certain members of an association from certain  
conduct; requiring association to provide certain  
annual certification; requiring Insurance  
Commissioner to publish list of qualified  
jurisdictions for certain eligible insurers;  
providing method for determination of qualified  
jurisdictions; requiring publication of certain list  
for consideration by the Insurance Commissioner;  
specifying certain jurisdictions as qualified;  
authorizing the Insurance Commissioner to suspend  
reinsurer certification under certain circumstances;  
requiring assignment of certain rating; providing  
method for securing obligations of certified  
reinsurers; providing method for domestic ceding  
insurers to qualify for certain reinsurance;  
providing method of securing obligations with certain  
trust instrument; stating nonapplication of certain



1 surplus requirements; specifying method for reduction  
2 of allowable credit when security is insufficient;  
3 stating status for certain reinsurers that have  
4 certification terminated; defining certain term;  
5 providing for certain nonapplication for certain  
6 ratings; authorizing certification when applicants  
7 are certified under certain jurisdiction; allowing  
8 for inactive status; providing requirements; adding  
9 reference for credit requirements; deleting certain  
10 defined terms; authorizing the Insurance Commissioner  
11 to suspend or revoke accreditation and certification;  
12 stating procedures; requiring ceding insurers to  
13 manage certain reinsurance recoverables; providing  
14 procedures; requiring ceding insurers to diversify  
15 their reinsurance programs; providing procedures;  
16 authorizing the Insurance Commissioner to adopt  
17 certain regulations relating to assets, credits and  
18 forms of security; clarifying meaning of securities;  
19 defining terms; authorizing the Insurance  
20 Commissioner to adopt certain rules; stating certain  
21 application of rules under certain circumstances;  
22 stating nonapplication of rules to certain insurers;  
23 clarifying authority to adopt certain regulations;  
24 modifying dates of application of certain act;  
amending 36 O.S. 2011, Section 5124, which relates to  
rules and regulations; authorizing the Insurance  
Commissioner to adopt certain rules and regulations;  
specifying types of regulations; specifying certain  
dates of treaties; authorizing ceding insurers the  
use of certain manual information under certain  
conditions; prohibiting certain regulations; amending  
36 O.S. 2011, Section 5125, which relates to  
application of amendments to act; modifying dates of  
application of amendments; providing for  
codification; and providing an effective date.

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

SECTION 7. AMENDATORY 36 O.S. 2011, Section 5122, is  
amended to read as follows:

1 Section 5122. A. Credit for reinsurance shall be allowed a  
2 domestic ceding insurer as either an asset or a reduction from  
3 liability on account of reinsurance ceded only when the reinsurer  
4 meets the requirements of subsection B, C, D, E, ~~or F~~ or G of this  
5 section; provided, further, that the Commissioner may adopt by  
6 regulation pursuant to subsection B of Section 5124 of this title,  
7 specific additional requirements relating to or setting forth the  
8 valuation of assets or reserve credits, the amount and forms of  
9 security supporting reinsurance arrangements described in subsection  
10 B of Section 5124 of this title and/or the circumstances pursuant to  
11 which credit will be reduced or eliminated. Credit shall be allowed  
12 under subsection B, C or D of this section only as respects cessions  
13 of those kinds or classes of business in which the assuming insurer  
14 is licensed or otherwise permitted to write or assume in its state  
15 of domicile or, in the case of a United States branch of an alien  
16 assuming insurer, in the state through which it is entered and  
17 licensed to transact insurance or reinsurance. Credit shall be  
18 allowed under subsection D or E of this section only if the  
19 applicable requirements of subsection ~~G~~ H have been satisfied.

20 B. Credit shall be allowed when the reinsurance is ceded to an  
21 assuming insurer that is licensed to transact insurance or  
22 reinsurance in this state.

23  
24

1 C. Credit shall be allowed when the reinsurance is ceded to an  
2 assuming insurer that is accredited by the Insurance Commissioner as  
3 a reinsurer in this state. An accredited reinsurer is one that:

4 1. Files with the Insurance Commissioner evidence of its  
5 submission to this state's jurisdiction;

6 2. Submits to this state's authority to examine its books and  
7 records;

8 3. Is licensed to transact insurance or reinsurance in at least  
9 one state, or in the case of a United States branch of an alien  
10 assuming insurer is entered through and licensed to transact  
11 insurance or reinsurance in at least one state; ~~and~~

12 4. Files annually with the Insurance Commissioner a copy of its  
13 annual statement filed with the insurance department of its state of  
14 domicile and a copy of its most recent audited financial statement,  
15 ~~and either;~~ and

16 a.

17 5. Demonstrates to the satisfaction of the Insurance  
18 Commissioner that it has adequate financial capacity to meet its  
19 reinsurance obligations and is otherwise qualified to assume  
20 reinsurance from domestic insurers. An assuming insurer is deemed  
21 to meet this requirement as of the time of its application if it  
22 maintains a surplus as regards policyholders in an amount ~~which is~~  
23 not less than Twenty Million Dollars (\$20,000,000.00) and ~~whose~~ its  
24 accreditation has not been denied by the Insurance Commissioner

1 within ninety (90) days ~~of its~~ after submission, ~~or of its~~  
2 application.

3 ~~b. maintains a surplus as regards policyholders in an~~  
4 ~~amount less than Twenty Million Dollars~~  
5 ~~(\$20,000,000.00) and whose accreditation has been~~  
6 ~~approved by the Insurance Commissioner.~~

7 ~~No credit shall be allowed a domestic ceding insurer, if the~~  
8 ~~assuming insurers' accreditation has been revoked by the Insurance~~  
9 ~~Commissioner after notice and opportunity for hearing.~~

10 D. Credit shall be allowed when the reinsurance is ceded to an  
11 assuming insurer that is domiciled in, or in the case of a United  
12 States branch of an alien assuming insurer is entered through, a  
13 state that employs standards regarding credit for reinsurance  
14 substantially similar to those applicable under this statute and the  
15 assuming insurer or United States branch of an alien assuming  
16 insurer:

17 1. Maintains a surplus as regards policyholders in an amount  
18 not less than Twenty Million Dollars (\$20,000,000.00); and

19 2. Submits to the authority of this state to examine its books  
20 and records.

21 The requirement of paragraph 1 of this subsection does not apply  
22 to reinsurance ceded and assumed pursuant to pooling arrangements  
23 among insurers in the same holding company system.

24

1 E. 1. Credit shall be allowed when the reinsurance is ceded to  
2 an assuming insurer that maintains a trust fund in a qualified  
3 United States financial institution, as defined in ~~subsection J of~~  
4 ~~this section~~ Section 5123.1 of this title, for the payment of the  
5 valid claims of its United States ceding insurers, their assigns and  
6 successors in interest. To enable the Insurance Commissioner to  
7 determine the sufficiency of the trust fund, the assuming insurer  
8 shall report annually to the Insurance Commissioner information  
9 substantially the same as that required to be reported on the  
10 National Association of Insurance Commissioners ~~annual statement~~  
11 Annual Statement form by licensed insurers. The assuming insurer  
12 shall submit to examination of its books and records by the  
13 Commissioner and bear the expense of examination.

14 2. Credit for reinsurance shall not be granted under this  
15 subsection unless the form of the trust and any amendments to the  
16 trust have been approved by ~~the Commissioner~~:

17 a. the Commissioner of the state where the trust is  
18 domiciled, or

19 b. the Commissioner of another state who, pursuant to the  
20 terms of the trust instrument, has accepted principal  
21 regulatory oversight of the trust.

22 3. The form of the trust and any trust amendments also shall be  
23 filed with the Insurance Commissioner of every state in which the  
24 ceding insurer beneficiaries of the trust are domiciled. The trust

1 instrument shall provide that contested claims shall be valid and  
2 enforceable upon the final order of any court of competent  
3 jurisdiction in the United States. The trust shall vest legal title  
4 to its assets in its trustees for the benefit of the assuming  
5 insurer's United States ceding insurers, their assigns and  
6 successors in interest. The trust and the assuming insurer shall be  
7 subject to examination as determined by the Insurance Commissioner.

8 4. The trust shall remain in effect for as long as the assuming  
9 insurer has outstanding obligations due under the reinsurance  
10 agreements subject to the trust.

11 ~~3.~~ 5. No later than ~~March 1~~ February 28 of each year the  
12 ~~trustees~~ trustee of the trust shall report to the Insurance  
13 Commissioner in writing the balance of the trust and listing the  
14 trust's investments at the preceding year end and shall certify the  
15 date of termination of the trust, if so planned, or certify that the  
16 trust shall not expire prior to the ~~next~~ following December 31.

17 ~~4.~~ 6. The following requirements apply to the following  
18 categories of assuming insurer:

19 a. the trust fund for a single assuming insurer shall  
20 consist of funds in trust in an amount not less than  
21 the assuming insurer's liabilities attributable to  
22 reinsurance ceded by United States ceding insurers,  
23 and, in addition, the assuming insurer shall maintain  
24 a trusteed surplus of not less than Twenty Million

1           Dollars (\$20,000,000.00), except as provided in  
2           subparagraph b of this paragraph,

- 3           b. at any time after the assuming insurer has permanently  
4           discontinued underwriting new business secured by the  
5           trust for at least three (3) full years, the  
6           Commissioner with principal regulatory oversight of  
7           the trust may authorize a reduction in the required  
8           trusteed surplus, but only after a finding, based on  
9           an assessment of the risk, that the new required  
10           surplus level is adequate for the protection of United  
11           States ceding insurers, policyholders and claimants in  
12           light of reasonably foreseeable adverse loss  
13           development. The risk assessment may involve an  
14           actuarial review, including an independent analysis of  
15           reserves and cash flows, and shall consider all  
16           material risk factors, including when applicable, the  
17           lines of business involved, the stability of the  
18           incurred loss estimates and the effect of the surplus  
19           requirements on the assuming insurer's liquidity or  
20           solvency. The minimum required trusteed surplus may  
21           not be reduced to an amount less than thirty percent  
22           (30%) of the assuming insurer's liabilities  
23           attributable to reinsurance ceded by United States  
24           ceding insurers covered by the trust,

1           c.   (1)    in the case of a group including  
2  
3           incorporated and individual unincorporated  
4           underwriters:

5           (a)   for reinsurance ceded under reinsurance  
6           agreements with an inception, amendment or  
7           renewal date on or after ~~August 1, 1995~~  
8           January 1, 1993, the trust shall consist of  
9           a trusted account in an amount not less  
10          than the ~~group's~~ respective underwriters'  
11          several liabilities attributable to business  
12          ceded by United States-domiciled ceding  
13          insurers to any ~~member~~ underwriter of the  
14          group,

15          (b)   for reinsurance ceded under reinsurance  
16          agreements with an inception date on or  
17          before ~~July 31, 1995~~ December 31, 1992, and  
18          not amended or renewed after that date,  
19          notwithstanding the other provisions of this  
20          act, the trust shall consist of a trusted  
21          account in an amount not less than the  
22          ~~group's~~ respective underwriters' several  
23          insurance and reinsurance liabilities  
24          attributable to business written in the  
            United States, and



1 (c) in addition to these trusts, the group shall  
2 maintain in trust a trustee surplus of  
3 which One Hundred Million Dollars  
4 (\$100,000,000.00) shall be held jointly for  
5 the benefit of the United States-domiciled  
6 ceding insurers of any member of the group  
7 for all years of account,

8 (2) the incorporated members of the group shall not  
9 be engaged in any business other than  
10 underwriting as a member of the group and shall  
11 be subject to the same level of regulation and  
12 solvency control by the group's domiciliary  
13 regulator as are the unincorporated members, and

14 (3) within ninety (90) days after its financial  
15 statements are due to be filed with the group's  
16 domiciliary regulator, the group shall provide to  
17 the Commissioner an annual certification by the  
18 group's domiciliary regulator of the solvency of  
19 each underwriter member; or if a certification is  
20 unavailable, financial statements, prepared by  
21 independent public accountants, of each  
22 underwriter member of the group, and

23 e.  
24

1           d.    in the case of a group of incorporated underwriters  
2                   under common administration, the group shall:

3                   (1)   have continuously transacted an insurance  
4                               business outside the United States for at least  
5                               three (3) years immediately prior to making  
6                               application for accreditation,

7                   (2)   maintain aggregate policyholders' surplus of at  
8                               least Ten Billion Dollars (\$10,000,000,000.00),

9                   (3)   maintain a trust fund in an amount not less than  
10                              the group's several liabilities attributable to  
11                              business ceded by United States-domiciled ceding  
12                              insurers to any member of the group pursuant to  
13                              reinsurance contracts issued in the name of the  
14                              group,

15                   (4)   in addition, maintain a joint trustee surplus of  
16                              which One Hundred Million Dollars  
17                              (\$100,000,000.00) shall be held jointly for the  
18                              benefit of United States-domiciled ceding  
19                              insurers of any member of the group as additional  
20                              security for these liabilities, and

21                   (5)   within ninety (90) days after its financial  
22                              statements are due to be filed with the group's  
23                              domiciliary regulator, make available to the  
24                              Commissioner an annual certification of each

1 underwriter member's solvency by the member's  
2 domiciliary regulator and financial statements of  
3 each underwriter member of the group prepared by  
4 its independent public accountant.

5 F. Credit shall be allowed when the reinsurance is ceded to an  
6 assuming insurer that has been certified by the Commissioner as a  
7 reinsurer in this state and secures its obligations in accordance  
8 with the requirements of this subsection.

9 1. In order to be eligible for certification, the assuming  
10 insurer shall meet the following requirements:

11 a. the assuming insurer must be domiciled and licensed to  
12 transact insurance or reinsurance in a qualified  
13 jurisdiction, as determined by the Commissioner  
14 pursuant to paragraph 3 of this subsection,

15 b. the assuming insurer must maintain minimum capital  
16 and surplus, or its equivalent, in an amount to be  
17 determined by the Commissioner pursuant to regulation,

18 c. the assuming insurer must maintain financial strength  
19 ratings from two or more rating agencies deemed  
20 acceptable by the Commissioner pursuant to regulation,

21 d. the assuming insurer must agree to submit to the  
22 jurisdiction of this state, appoint the Commissioner  
23 as its agent for service of process in this state and  
24 agree to provide security for one hundred percent

1 (100%) of the assuming insurer's liabilities  
2 attributable to reinsurance ceded by United States  
3 ceding insurers if it resists enforcement of a final  
4 United States judgment,

5 e. the assuming insurer must agree to meet applicable  
6 information filing requirements as determined by the  
7 Commissioner, both with respect to an initial  
8 application for certification and on an ongoing basis,  
9 and

10 f. the assuming insurer must satisfy any other  
11 requirements for certification deemed relevant by the  
12 Commissioner;

13 2. An association, including incorporated and individual  
14 unincorporated underwriters, may be a certified reinsurer. In order  
15 to be eligible for certification, in addition to satisfying  
16 requirements of paragraph 1 of this subsection:

17 a. the association shall satisfy its minimum capital and  
18 surplus requirements through the capital and surplus  
19 equivalents (net of liabilities) of the association  
20 and its members, which shall include a joint central  
21 fund that may be applied to any unsatisfied obligation  
22 of the association or any of its members, in an amount  
23 determined by the Commissioner to provide adequate  
24 protection,

1        b. the incorporated members of the association shall not  
2        be engaged in any business other than underwriting as  
3        a member of the association and shall be subject to  
4        the same level of regulation and solvency control by  
5        the association's domiciliary regulator as are the  
6        unincorporated members, and

7        c. within ninety (90) days after its financial statements  
8        are due to be filed with the association's domiciliary  
9        regulator, the association shall provide to the  
10       Commissioner an annual certification by the  
11       association's domiciliary regulator of the solvency of  
12       each underwriter member; or if a certification is  
13       unavailable, financial statements, prepared by  
14       independent public accountants, of each underwriter  
15       member of the association;

16       3. The Commissioner shall create and publish a list of  
17       qualified jurisdictions, under which an assuming insurer licensed  
18       and domiciled in such jurisdiction is eligible to be considered for  
19       certification by the Commissioner as a certified reinsurer.

20       a. in order to determine whether the domiciliary  
21       jurisdiction of a non-United States assuming insurer  
22       is eligible to be recognized as a qualified  
23       jurisdiction, the Commissioner shall evaluate the  
24       appropriateness and effectiveness of the reinsurance

1 supervisory system of the jurisdiction, both  
2 initially and on an ongoing basis, and consider the  
3 rights, benefits and the extent of reciprocal  
4 recognition afforded by the non-United States  
5 jurisdiction to reinsurers licensed and domiciled in  
6 the United States. A qualified jurisdiction must  
7 agree to share information and cooperate with the  
8 Commissioner with respect to all certified reinsurers  
9 domiciled within that jurisdiction. A jurisdiction  
10 may not be recognized as a qualified jurisdiction if  
11 the Commissioner has determined that the jurisdiction  
12 does not adequately and promptly enforce final United  
13 States judgments and arbitration awards. Additional  
14 factors may be considered in the discretion of the  
15 Commissioner,

16 b. a list of qualified jurisdictions shall be published  
17 through the NAIC Committee Process. The Commissioner  
18 shall consider this list in determining qualified  
19 jurisdictions. If the Commissioner approves a  
20 jurisdiction as qualified that does not appear on the  
21 list of qualified jurisdictions, the Commissioner  
22 shall provide thoroughly documented justification in  
23 accordance with criteria to be developed under  
24 regulations,

1           c. United States jurisdictions that meet the requirement  
2           for accreditation under the NAIC financial standards  
3           and accreditation program shall be recognized as  
4           qualified jurisdictions,

5           d. if a certified reinsurer's domiciliary jurisdiction  
6           ceases to be a qualified jurisdiction, the  
7           Commissioner may at his or her discretion suspend the  
8           reinsurer's certification indefinitely, in lieu of  
9           revocation;

10          4. The Commissioner shall assign a rating to each certified  
11 reinsurer, giving due consideration to the financial strength  
12 ratings that have been assigned by rating agencies deemed acceptable  
13 to the Commissioner pursuant to regulation. The Commissioner shall  
14 publish a list of all certified reinsurers and their ratings.

15          5. A certified reinsurer shall secure obligations assumed from  
16 United States ceding insurers under this subsection at a level  
17 consistent with its rating, as specified in regulations promulgated  
18 by the Commissioner.

19           a. in order for a domestic ceding insurer to qualify for  
20           full financial statement credit for reinsurance ceded  
21           to a certified reinsurer, the certified reinsurer  
22           shall maintain security in a form acceptable to the  
23           Commissioner and consistent with the provisions of  
24           Section 5123 of this title, or in a multibeneficiary

1 trust in accordance with subsection E of this section,  
2 except as otherwise provided in this subsection,

3 b. if a certified reinsurer maintains a trust to fully  
4 secure its obligations subject to subsection E of this  
5 section, and chooses to secure its obligations  
6 incurred as a certified reinsurer in the form of a  
7 multibeneficiary trust, the certified reinsurer shall  
8 maintain separate trust accounts for its obligations  
9 incurred under reinsurance agreements issued or  
10 renewed as a certified reinsurer with reduced security  
11 as permitted by this subsection or comparable laws of  
12 other United States jurisdictions and for its  
13 obligations subject to subsection E of this section.

14 It shall be a condition to the grant of certification  
15 under this subsection that the certified reinsurer  
16 shall have bound itself, by the language of the trust  
17 and agreement with the Commissioner with principal  
18 regulatory oversight of each such trust account, to  
19 fund, upon termination of any such trust account, out  
20 of the remaining surplus of such trust any deficiency  
21 of any other such trust account,

22 c. the minimum trustee surplus requirements provided in  
23 subsection E of this section are not applicable  
24 with respect to a multibeneficiary trust maintained by



1 a certified reinsurer for the purpose of securing  
2 obligations incurred under this subsection, except  
3 that such trust shall maintain a minimum trustee  
4 surplus of Ten Million Dollars (\$10,000,000.00),

5 d. with respect to obligations incurred by a certified  
6 reinsurer under this subsection, if the security is  
7 insufficient, the Commissioner shall reduce the  
8 allowable credit by an amount proportionate to the  
9 deficiency, and may at his or her discretion impose  
10 further reductions in allowable credit upon finding  
11 that there is a material risk that the certified  
12 reinsurer's obligations will not be paid in full when  
13 due,

14 e. for purposes of this subsection, a certified reinsurer  
15 whose certification has been terminated for any reason  
16 shall be treated as a certified reinsurer required to  
17 secure one hundred percent (100%) of its obligations,

18 (1) as used in this subsection, the term "terminated"  
19 refers to revocation, suspension, voluntary  
20 surrender and inactive status, and

21 (2) if the Commissioner continues to assign a higher  
22 rating as permitted by other provisions of this  
23 section, this requirement does not apply to a  
24

1 certified reinsurer in inactive status or to a  
2 reinsurer whose certification has been suspended.

3 6. If an applicant for certification has been certified as a  
4 reinsurer in an NAIC accredited jurisdiction, the Commissioner may  
5 at his or her discretion defer to that jurisdiction's certification,  
6 and may in his or her discretion defer to the rating assigned by  
7 that jurisdiction, and such assuming insurer shall be considered to  
8 be a certified reinsurer in this state.

9 7. A certified reinsurer that ceases to assume new business in  
10 this state may request to maintain its certification in inactive  
11 status in order to continue to qualify for a reduction in security  
12 for its in-force business. An inactive certified reinsurer shall  
13 continue to comply with all applicable requirements of this  
14 subsection, and the Commissioner shall assign a rating that takes  
15 into account, if relevant, the reasons why the reinsurer is not  
16 assuming new business.

17 G. Credit shall be allowed when the reinsurance is ceded to an  
18 assuming insurer not meeting the requirements of subsection B, C, D,  
19 E or ~~E~~ F of this section but only as the insurance of risks located  
20 in jurisdictions where the reinsurance is required by applicable law  
21 or regulation of that jurisdiction.

22 ~~G.~~ H. If the assuming insurer is not licensed, ~~or~~ accredited or  
23 certified to transact insurance or reinsurance in this state, the  
24 credit permitted by subsections D and E of this section shall not be

1 allowed unless the assuming insurer agrees in the reinsurance  
2 agreements:

3 1. That in the event of the failure of the assuming insurer to  
4 perform its obligations under the terms of the reinsurance  
5 agreement, the assuming insurer, at the request of the ceding  
6 insurer, shall submit to the jurisdiction of any court of competent  
7 jurisdiction in any state of the United States, will comply with all  
8 requirements necessary to give the court jurisdiction, and will  
9 abide by the final decision of the court or of any appellate court  
10 in the event of an appeal; and

11 2. To designate the Insurance Commissioner or a designated  
12 attorney as its true and lawful attorney upon whom may be served any  
13 lawful process in any action, suit or proceeding instituted by or on  
14 behalf of the ceding ~~company~~ insurer.

15 ~~H. The provisions of this section are~~ This subsection is not  
16 intended to conflict with or override the obligation of the parties  
17 to a reinsurance agreement to arbitrate their disputes, if this  
18 obligation is created in the agreement.

19 I. If the assuming insurer does not meet the requirements of  
20 subsection B, C or D of this section, the credit permitted by  
21 subsection E or F of this section shall not be allowed unless the  
22 assuming insurer agrees in the trust agreements to the following  
23 conditions:

24

1           1. Notwithstanding any other provisions in the trust  
2 instrument, if the trust fund is inadequate because it contains an  
3 amount less than the amount required by paragraph 4 6 of subsection  
4 E of this section, or if the grantor of the trust has been declared  
5 insolvent or placed into receivership, rehabilitation, liquidation  
6 or similar proceedings under the laws of its state or country of  
7 domicile, the trustee shall comply with an order of the Commissioner  
8 with regulatory oversight over the trust or with an order of a court  
9 of competent jurisdiction directing the trustee to transfer to the  
10 Commissioner with regulatory oversight all of the assets of the  
11 trust fund;

12           2. The assets shall be distributed by and claims shall be filed  
13 with and valued by the Commissioner with regulatory oversight in  
14 accordance with the laws of the state in which the trust is  
15 domiciled that are applicable to the liquidation of domestic  
16 insurance companies;

17           3. If the Commissioner with regulatory oversight determines  
18 that the assets of the trust fund or any part thereof are not  
19 necessary to satisfy the claims of the United States ceding insurers  
20 of the grantor of the trust, the assets or part thereof shall be  
21 returned by the Commissioner with regulatory oversight to the  
22 trustee for distribution in accordance with the trust agreement; and

23           4. The grantor shall waive any right otherwise available to it  
24 under United States law that is inconsistent with this provision.

1 J. ~~1. For purposes of subsection E of this section, "qualified~~  
2 ~~United States financial institution" means an institution that:~~

3 ~~a. is organized or, in the case of a United States office~~  
4 ~~of a foreign banking organization, is licensed under~~  
5 ~~the laws of the United States or any state thereof,~~

6 ~~b. is regulated, supervised and examined by federal or~~  
7 ~~state authorities having regulatory authority over~~  
8 ~~banks and trust companies, and~~

9 ~~c. has been determined by either the Insurance~~  
10 ~~Commissioner, or the Securities Valuation Office of~~  
11 ~~the National Association of Insurance Commissioners,~~  
12 ~~to meet such standards of financial condition and~~  
13 ~~standing as are considered necessary and appropriate~~  
14 ~~to regulate the quality of financial institutions~~  
15 ~~whose letters of credit will be acceptable to the~~  
16 ~~Commissioner.~~

17 ~~2. A "qualified United States financial institution" means, for~~  
18 ~~purposes of those provisions of this law specifying those~~  
19 ~~institutions that are eligible to act as a fiduciary of a trust, an~~  
20 ~~institution that:~~

21 ~~a. is organized or (in the case of a United States branch~~  
22 ~~or agency office of a foreign banking organization)~~  
23 ~~licensed under the laws of the United States or any~~  
24

1 ~~state thereof and has been granted authority to~~  
2 ~~operate with fiduciary powers, and~~

3 ~~b. is regulated, supervised and examined by federal or~~  
4 ~~state authorities having regulatory authority over~~  
5 ~~banks and trust companies.~~

6 If an accredited or certified reinsurer ceases to meet the  
7 requirements for accreditation or certification, the Commissioner  
8 may suspend or revoke the reinsurer's accreditation or  
9 certification.

10 1. The Commissioner must give the reinsurer notice and  
11 opportunity for hearing. The suspension or revocation may not take  
12 effect until after the Commissioner's order on hearing, unless:

- 13 a. the reinsurer waives its right to hearing,  
14 b. the Commissioner's order is based on regulatory action  
15 by the reinsurer's domiciliary jurisdiction or the  
16 voluntary surrender or termination of the reinsurer's  
17 eligibility to transact insurance or reinsurance  
18 business in its domiciliary jurisdiction or in the  
19 primary certifying state of the reinsurer under  
20 paragraph 6 of subsection F of this section, or  
21 c. the Commissioner finds that an emergency requires  
22 immediate action and a court of competent jurisdiction  
23 has not stayed the Commissioner's action;

1        2. While a reinsurer's accreditation or certification is  
2 suspended, no reinsurance contract issued or renewed after the  
3 effective date of the suspension qualifies for credit except to the  
4 extent that the reinsurer's obligations under the contract are  
5 secured in accordance with Section 5123 of this title. If a  
6 reinsurer's accreditation or certification is revoked, no credit for  
7 reinsurance may be granted after the effective date of the  
8 revocation except to the extent that the reinsurer's obligations  
9 under the contract are secured in accordance with paragraph 5 of  
10 subsection F of this section or Section 5123 of this title.

11        K. Concentration Risk.

12        1. A ceding insurer shall take steps to manage its reinsurance  
13 recoverables proportionate to its own book of business. A domestic  
14 ceding insurer shall notify the Commissioner within thirty (30) days  
15 after reinsurance recoverables from any single assuming insurer, or  
16 group of affiliated assuming insurers, exceeds fifty percent (50%)  
17 of the domestic ceding insurer's last reported surplus to  
18 policyholders, or after it is determined that reinsurance  
19 recoverables from any single assuming insurer, or group of  
20 affiliated assuming insurers, is likely to exceed this limit. The  
21 notification shall demonstrate that the exposure is safely managed  
22 by the domestic ceding insurer.

23        2. A ceding insurer shall take steps to diversify its  
24 reinsurance program. A domestic ceding insurer shall notify the

1 Commissioner within thirty (30) days after ceding to any single  
2 assuming insurer, or group of affiliated assuming insurers, more  
3 than twenty percent (20%) of the ceding insurer's gross written  
4 premium in the prior calendar year, or after it has determined that  
5 the reinsurance ceded to any single assuming insurer, or group of  
6 affiliated assuming insurers, is likely to exceed this limit. The  
7 notification shall demonstrate that the exposure is safely managed  
8 by the domestic ceding insurer.

9 SECTION 8. AMENDATORY 36 O.S. 2011, Section 5123, is  
10 amended to read as follows:

11 Section 5123. An asset or a reduction from liability for the  
12 reinsurance ceded by a domestic insurer to an assuming insurer not  
13 meeting the requirements of Section 5122 of this title shall be  
14 allowed in an amount not exceeding the liabilities carried by the  
15 ceding insurer; provided, further, that the Commissioner may adopt  
16 by regulation pursuant to subsection B of Section 5124 of this  
17 title, specific additional requirements relating to or setting  
18 forth: the valuation of assets or reserve credits, the amount and  
19 forms of security supporting reinsurance arrangements described in  
20 subsection B of Section 5124 of this title and/or the circumstances  
21 pursuant to which credit will be reduced or eliminated. The  
22 reduction shall be in the amount of funds held by or on behalf of  
23 the ceding insurer, including funds held in trust for the ceding  
24 insurer, under a reinsurance contract with ~~such~~ the assuming insurer



1 as security for the payment of obligations thereunder, if ~~such~~ the  
2 security is held in the United States subject to withdrawal solely  
3 by, and under the exclusive control of, the ceding insurer; or, in  
4 the case of a trust, held in a qualified United States financial  
5 institution, as defined in Section ~~5122~~ 5123.1 of this title. This  
6 security may be in ~~one or more of the following forms~~ form of:

7 1. Cash;

8 2. Securities listed by the Securities Valuation Office of the  
9 National Association of Insurance Commissioners, including those  
10 deemed exempt from filing as defined by the Purposes and Procedures  
11 Manual of the Securities Valuation Office and qualifying as admitted  
12 assets;

13 3. ~~Any other form of security acceptable to the Insurance~~  
14 ~~Commissioner; and~~

15 ~~4.~~ a. ~~Clean~~ clean, irrevocable, unconditional letters of  
16 credit, issued or confirmed by a qualified United  
17 States financial institution, as defined in ~~paragraph~~  
18 ~~1 of subsection J of~~ Section ~~5122~~ 5123.1 of this  
19 title, effective no later than December 31 of the year  
20 for which the filing is being made, and in the  
21 possession of, or in trust for, the ceding ~~company~~  
22 insurer on or before the filing date of its annual  
23 statement~~.~~,

24

1           b. ~~Letters~~ letters of credit meeting applicable standards  
2           of issuer acceptability as of the dates of their  
3           issuance or confirmation shall, notwithstanding the  
4           issuing or confirming institution's subsequent failure  
5           to meet applicable standards of issuer acceptability,  
6           continue to be acceptable as security until their  
7           expiration, extension, renewal, modification or  
8           amendment, whichever first occurs; or

9           4. Any other form of security acceptable to the Insurance

10 Commissioner.

11           SECTION 9.        NEW LAW        A new section of law to be codified  
12 in the Oklahoma Statutes as Section 5123.1 of Title 36, unless there  
13 is created a duplication in numbering, reads as follows:

14           A. For purposes of paragraph 3 of Section 5123 of Title 36 of  
15 the Oklahoma Statutes, a "qualified United States financial  
16 institution" means an institution that:

17           1. Is organized or (in case of a United States office of a  
18 foreign banking organization) licensed, under the laws of the United  
19 States or any state thereof;

20           2. Is regulated, supervised and examined by United States  
21 federal or state authorities having regulatory authority over banks  
22 and trust companies; and

23           3. Has been determined by either the Insurance Commissioner or  
24 the Securities Valuation Office of the National Association of

1 Insurance Commissioners to meet such standards of financial  
2 condition and standing as are considered necessary and appropriate  
3 to regulate the quality of financial institutions whose letters of  
4 credit will be acceptable to the Commissioner.

5 B. For purposes of the provisions of the Credit for Reinsurance  
6 Act specifying those institutions that are eligible to act as a  
7 fiduciary of a trust, a "qualified United States financial  
8 institution" means an institution that:

9 1. Is organized, or, in the case of a United States branch or  
10 agency office of a foreign banking organization, licensed under the  
11 laws of the United States or any state thereof and has been granted  
12 authority to operate with fiduciary powers; and

13 2. Is regulated, supervised and examined by federal or state  
14 authorities having regulatory authority over banks and trust  
15 companies.

16 SECTION 10. AMENDATORY 36 O.S. 2011, Section 5124, is  
17 amended to read as follows:

18 Section 5124. A. The Insurance Commissioner may promulgate and  
19 adopt rules and regulations implementing the provisions of the  
20 Credit for Reinsurance Act.

21 B. The Insurance Commissioner is further authorized to adopt  
22 rules and regulations applicable to reinsurance arrangements  
23 described in paragraph 1 of this subsection.

24

1 1. A regulation adopted pursuant to this section may apply only  
2 to reinsurance relating to:

- 3 a. life insurance policies with guaranteed nonlevel gross  
4 premiums or guaranteed nonlevel benefits,
- 5 b. universal life insurance policies with provisions  
6 resulting in the ability of a policyholder to keep a  
7 policy in force over a secondary guarantee period,
- 8 c. variable annuities with guaranteed death or living  
9 benefits,
- 10 d. long-term care insurance policies, or
- 11 e. such other life and health insurance and annuity  
12 products as to which the NAIC adopts model regulatory  
13 requirements with respect to credit for reinsurance;

14 2. A regulation adopted pursuant to subparagraph a of paragraph  
15 1 or subparagraph b of this paragraph may apply to any treaty  
16 containing:

- 17 a. policies issued on or after January 1, 2017, and/or
- 18 b. policies issued prior to January 1, 2015, if risk  
19 pertaining to such pre-2015 policies is ceded in  
20 connection with the treaty, in whole or in part, on or  
21 after January 1, 2015;

22 3. A regulation adopted pursuant to subsection B of this  
23 section may require the ceding insurer, in calculating the amounts  
24 or forms of security required to be held under regulations

1 promulgated under this authority, to use the Valuation Manual  
2 adopted by the NAIC under Section 11B (1) of the NAIC Standard  
3 Valuation Law, including all amendments adopted by the NAIC and in  
4 effect on the date as of which the calculation is made, to the  
5 extent applicable;

6 4. A regulation adopted pursuant to subsection B of this  
7 section shall not apply to cessions to an assuming insurer that:

8 a. is certified in this state, or

9 b. maintains at least Two Hundred Fifty Million Dollars  
10 (\$250,000,000.00) in capital and surplus when

11 determined in accordance with the NAIC Accounting

12 Practices and Procedures Manual, including all

13 amendments thereto adopted by the NAIC, excluding the

14 impact of any permitted or prescribed practices; and

15 is:

16 (1) licensed in at least twenty-six states, or

17 (2) licensed in at least ten states, and licensed or

18 accredited in a total of at least thirty-five

19 states,

20 5. The authority to adopt regulations pursuant to subsection B

21 of this section does not limit the Commissioner's general authority

22 to adopt regulations pursuant to subsection A of this section.

23 SECTION 11. AMENDATORY 36 O.S. 2011, Section 5125, is

24 amended to read as follows:

1 Section 5125. The amendments to the Credit for Reinsurance Act  
2 provided for in ~~this act~~ Sections 5121 through 5125 of this title,  
3 shall apply to all cessions on and after ~~November 1, 2000~~ November  
4 1, 2016, under reinsurance agreements ~~which~~ that have had an  
5 inception, anniversary, or renewal date not less than six (6) months  
6 after ~~November 1, 2000~~ November 1, 2016.

7 SECTION 12. This act shall become effective November 1, 2016.

8 Passed the Senate the 8th day of March, 2016.

9

10

\_\_\_\_\_  
Presiding Officer of the Senate

11

12 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
13 2016.

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Presiding Officer of the House  
of Representatives

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