

1 **SENATE FLOOR VERSION**

2 February 22, 2021

3 SENATE BILL NO. 524

By: Quinn of the Senate

4 and

5 **Sneed** of the House

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9 An Act relating to workers' compensation insurance;
10 amending 36 O.S. 2011, Section 995, as amended by
11 Section 18, Chapter 254, O.S.L. 2013 (36 O.S. Supp.
12 2020, Section 995), which relates to joint
13 underwriting and reinsurance; removing exception of
14 application of act to CompSource Mutual Insurance
15 Company; directing the Insurance Commissioner to
16 develop and administer an assigned risk plan
17 providing workers' compensation insurance to certain
18 employers; requiring plan include qualification and
19 termination terms; requiring that certain employers
20 receive coverage under plan; authorizing Commissioner
21 to designate third party to develop and administer
22 plan for certain time period; requiring Commissioner
23 to contract with certain person to continue plan;
24 requiring Commissioner to approve plan before
implementation; requiring all private carriers to
participate in plan; authorizing CompSource to
provide coverage to certain persons for certain time
period; repealing Sections 1, 2, 3, 4, 5, 6, 7, 8, 9,
10, 11, 12 and 13, Chapter 254, O.S.L. 2013 (85 O.S.
Supp. 2020, Sections 375.1, 375.2, 375.3, 375.4,
375.5, 375.6, 375.7, 375.8, 375.9, 375.10, 375.11,
375.12 and 375.13), 85 O.S. 2011, Sections 380 and
396, as amended by Sections 45 and 46, Chapter 254,
O.S.L. 2013 (85 O.S. Supp. 2020, Sections 380 and
396), which relate to the CompSource Mutual Insurance
Company Act, Volunteer Firefighters Group Insurance
Pool, and CompSource information not open to public
inspection; providing for codification; and providing
an effective date.

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

2 SECTION 1. AMENDATORY 36 O.S. 2011, Section 995, as
3 amended by Section 18, Chapter 254, O.S.L. 2013 (36 O.S. Supp. 2020,
4 Section 995), is amended to read as follows:

5 Section 995. Joint Underwriting, Joint Reinsurance Pool and
6 Residual Market Activities.

7 ~~A. This section shall not apply to transactions involving~~
8 ~~CompSource Mutual Insurance Company.~~

9 ~~B.~~ Notwithstanding paragraph 3 of subsection A of Section 992
10 of this title, insurers participating in joint underwriting, joint
11 reinsurance pools or residual market mechanisms may in connection
12 with such activity act in cooperation with each other in the making
13 of rates, rating systems, policy forms, underwriting rules, surveys,
14 inspections and investigations, the furnishing of loss and expense
15 statistics or other information, or carrying on research. Joint
16 underwriting, joint reinsurance pools and residual market mechanisms
17 shall not be deemed an advisory organization.

18 ~~C.~~ B. Except to the extent modified by this section, joint
19 underwriting, joint reinsurance pool and residual market mechanism
20 activities are subject to the other provisions of the Property and
21 Casualty Competitive Loss Cost Rating Act.

22 ~~D.~~ C. If, after a hearing, the Commissioner finds that any
23 activity or practice of an insurer participating in joint
24 underwriting or a pool is unfair, is unreasonable, will tend to

1 lessen competition in any market or is otherwise inconsistent with
2 the provisions or purposes of the Property and Casualty Competitive
3 Loss Cost Rating Act, the Commissioner may issue a written order and
4 require the discontinuance of such activity or practice.

5 ~~E.~~ D. Every pool shall file with the Commissioner a copy of its
6 constitution, articles of incorporation, agreement or association,
7 bylaws, rules and regulations governing its activities, list of
8 members, the name and address of a resident of this state upon whom
9 notice, orders of the Commissioner, or process may be served, and
10 any changes in amendments or changes in the foregoing.

11 ~~F.~~ E. Any residual market mechanism, plan or agreement to
12 implement such a mechanism, and any changes or amendments thereto,
13 shall be submitted in writing to the Commissioner for consideration
14 and approval, together with such information as may be reasonably
15 required.

16 SECTION 2. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 608.2 of Title 36, unless there
18 is created a duplication in numbering, reads as follows:

19 A. The Insurance Commissioner shall develop and administer an
20 assigned risk plan to provide workers' compensation insurance
21 coverage to employers who are unable to procure coverage in the
22 voluntary market. In addition to the requirements of subsection B
23 of this section, the plan shall include but not be limited to
24 qualifications for and termination of coverage.

1 B. To qualify for coverage under the plan, an employer shall
2 have been declined coverage by at least two unaffiliated insurers
3 and shall provide documentation to the Commissioner that the
4 unaffiliated insurers are unwilling to provide coverage at any
5 premium level that is reasonably related to the risk presented by
6 the employer.

7 C. Any employer satisfying the requirements of subsection B of
8 this section, and any other qualifications established by the
9 Commissioner, shall be provided coverage at a premium level to be
10 determined or approved by the Insurance Commissioner. Premiums
11 shall be actuarially sound, consistent with industry standards for
12 classification and rate-making methodologies and calculated to
13 enable the plan to be self-sustaining and able to operate without
14 subsidies from employers and insurers in the voluntary market, to
15 the extent possible. Rates shall not be excessive, inadequate or
16 unfairly discriminatory, pursuant to Section 902 of Title 36 of the
17 Oklahoma Statutes.

18 D. The Insurance Commissioner may designate a third party
19 including a private carrier or rating organization with substantial
20 experience in developing and administering similar programs in other
21 states, to develop and administer the assigned risk plan for a
22 three-year period beginning on the effective date of this act.
23 Following this period, the Commissioner shall contract with the same
24 or another qualified third party to continue the administration of

1 the assigned risk plan, provided, however, that the Commissioner
2 shall approve the plan prior to the plan becoming operative. The
3 plan established pursuant to this section shall require that all
4 private carriers participate as a condition of their authority to
5 transact business in this state.

6 E. Prior to the operation of the plan established pursuant to
7 the provisions of this section, but in no event later than January
8 1, 2023, CompSource Mutual Insurance Company, a private, domestic
9 mutual insurance company incorporated in this state and regulated by
10 the Insurance Department, successor-in-interest to CompSource
11 Oklahoma, shall serve as the residual market mechanism for those
12 insureds who would otherwise be in the assigned risk plan.

13 SECTION 3. REPEALER Sections 1, 2, 3, 4, 5, 6, 7, 8, 9,
14 10, 11, 12 and 13, Chapter 254, O.S.L. 2013 (85 O.S. Supp. 2020,
15 Sections 375.1, 375.2, 375.3, 375.4, 375.5, 375.6, 375.7, 375.8,
16 375.9, 375.10, 375.11, 375.12 and 375.13), and 85 O.S. 2011,
17 Sections 380 and 396, as amended by Sections 45 and 46, Chapter 254,
18 O.S.L. 2013 (85 O.S. Supp. 2020, Sections 380 and 396), are hereby
19 repealed.

20 SECTION 4. This act shall become effective November 1, 2021.

21 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE
22 February 22, 2021 - DO PASS

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