

1 STATE OF OKLAHOMA

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

3 SENATE BILL 772

By: Quinn

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5
6 AS INTRODUCED

7 An Act relating to property insurance; instructing
8 insurance companies to provide certain discounts and
9 rate reductions; specifying availability of discounts
10 and rate reductions; specifying requirements to
11 obtain discounts and rate reductions; requiring
12 certain property owners to keep certain
13 documentation; authorizing Insurance Commissioner to
14 audit certain documents; instructing insurance
15 companies to submit certain rating plans; specifying
16 terms of discounts and rate reductions; authorizing
17 insurance company to offer additional discounts and
18 rate reductions; defining terms; specifying start
19 date of certain discounts and rate reductions;
20 instructing the Insurance Department to promulgate
21 rules; providing for codification; and providing an
22 effective date.

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

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

A. Commencing on January 1, 2018, insurance companies shall
provide a premium discount or insurance rate reduction in an amount
and manner as established in subsection D of this section and
pursuant to Section 3 of this act. In addition, insurance companies

1 may also offer additional adjustments in deductible, other credit
2 rate differentials, or a combination thereof, collectively referred
3 to as adjustments. These adjustments shall be available under the
4 terms specified in this section to any owner who builds or locates a
5 new insurable property, in the State of Oklahoma, to resist loss due
6 to tornado or other catastrophic windstorm events.

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

23 C. An owner of insurable property claiming an adjustment
24 pursuant to this section shall maintain sufficient certification

1 records and construction records including, but not limited to, a
2 certification of compliance with the applicable building code or
3 FORTIFIED Home High Wind and Hail Standards criteria provided in
4 subsection B of this section, receipts from contractors, receipts
5 for materials and records from local building officials. The
6 records shall be subject to audit by the Insurance Commissioner, or
7 his or her representatives, and copies of any such records shall be
8 presented to the insurer or potential insurer of a property owner
9 before the adjustment becomes effective for the insurable property.

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

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

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

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

1 insurable property shall be certified as conforming to FORTIFIED
2 Home High Wind and Hail Standards requirements only after evaluation
3 and certification by a FORTIFIED Home High Wind and Hail Standards
4 certified evaluator. Certification of conformity of an insurable
5 property with Appendix Y of the Oklahoma Uniform Building Code,
6 other construction technique or other standardized code shall be
7 made only by a certified or licensed building inspector.

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

20 D. Insurers required to submit rates and rating plans to the
21 Commissioner shall submit actuarially justified rating plans for any
22 person who retrofits an insurable property to comply with the sets
23 of alternatives provided in subsection B of this section. The
24 adjustment shall only apply to policies that provide wind or hail

1 coverage and may apply to that portion of the premium for wind or
2 hail coverage or to the total premium if the insurer does not
3 separate out its premium for wind or hail coverage in its rate
4 filing. The adjustment shall apply exclusively to the premium
5 designated for the improved insurable property. In addition to the
6 requirements of this section, an insurer may voluntarily offer any
7 other mitigation adjustment that the insurer deems appropriate.

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

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

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

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

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

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

3 SECTION 6. This act shall become effective November 1, 2017.
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