

1 **SENATE FLOOR VERSION**

2 February 27, 2017

3 **AS AMENDED**

4 SENATE BILL NO. 772

5 By: Quinn

6 **[property insurance - discounts and rate reductions**
7 **- documentation - rating plans - promulgate rules -**
8 **codification - effective date]**

9
10 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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

14 A. Commencing on January 1, 2018, insurance companies shall
15 provide a premium discount or insurance rate reduction in an amount
16 and manner as established in subsection D of this section and
17 pursuant to Section 3 of this act. In addition, insurance companies
18 may also offer additional adjustments in deductible, other credit
19 rate differentials, or a combination thereof, collectively referred
20 to as adjustments. These adjustments shall be available under the
21 terms specified in this section to any owner who builds or locates a
22 new insurable property, in the State of Oklahoma, to resist loss due
23 to tornado or other catastrophic windstorm events.

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

17 C. An owner of insurable property claiming an adjustment
18 pursuant to this section shall maintain sufficient certification
19 records and construction records including, but not limited to, a
20 certification of compliance with the applicable building code or
21 FORTIFIED Home High Wind and Hail Standards criteria provided in
22 subsection B of this section, receipts from contractors, receipts
23 for materials and records from local building officials. The
24 records shall be subject to audit by the Insurance Commissioner, or

1 his or her representatives, and copies of any such records shall be
2 presented to the insurer or potential insurer of a property owner
3 before the adjustment becomes effective for the insurable property.

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

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

22 A. Commencing on January 1, 2018, insurance companies shall
23 provide a premium discount or insurance rate reduction in an amount
24 and manner as established in subsection D of this section and

1 pursuant to Section 3 of this act. In addition, insurance companies
2 may also offer additional adjustments in deductible, other credit
3 rate differentials, or a combination thereof, collectively referred
4 to as adjustments. These adjustments shall be available under the
5 terms specified in this section to any owner who retrofits his or
6 her insurable property located in the State of Oklahoma to resist
7 loss due to tornado or other catastrophic windstorm events.

8 B. To obtain the adjustment provided in this section, an
9 insurable property shall be retrofitted to the FORTIFIED Home High
10 Wind and Hail Standards requirements, as may from time to time be
11 adopted by the Institute for Business and Home Safety, a successor
12 entity, other mitigation program, other construction technique or
13 other standardized code which may be submitted by each insurer and
14 approved by the Commissioner. Wind Zone 3 HUD code manufactured
15 homes installed on a permanent foundation and retrofitted as defined
16 in the FORTIFIED Home High Wind and Hail Standards, as may from time
17 to time be adopted by the Institute for Business and Home Safety,
18 shall be eligible for the adjustment provided in this section. An
19 insurable property shall be certified as conforming to FORTIFIED
20 Home High Wind and Hail Standards requirements only after evaluation
21 and certification by a FORTIFIED Home High Wind and Hail Standards
22 certified evaluator. Certification of conformity of an insurable
23 property with Appendix Y of the Oklahoma Uniform Building Code,
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1 other construction technique or other standardized code shall be
2 made only by a certified or licensed building inspector.

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

15 D. Insurers required to submit rates and rating plans to the
16 Commissioner shall submit actuarially justified rating plans for any
17 person who retrofits an insurable property to comply with the sets
18 of alternatives provided in subsection B of this section. The
19 adjustment shall only apply to policies that provide wind or hail
20 coverage and may apply to that portion of the premium for wind or
21 hail coverage or to the total premium if the insurer does not
22 separate out its premium for wind or hail coverage in its rate
23 filing. The adjustment shall apply exclusively to the premium
24 designated for the improved insurable property. In addition to the

1 requirements of this section, an insurer may voluntarily offer any
2 other mitigation adjustment that the insurer deems appropriate.

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

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

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

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

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

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

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

23 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE
24 February 27, 2017 - DO PASS AS AMENDED