

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 HOUSE BILL 1160

By: Tedford

6 AS INTRODUCED

7 An Act relating to insurance; amending 36 O.S. 2021,  
8 Sections 2002, 2003, 2004, 2007, 2009, 2020.1, and  
9 2020.2, which relate to the Oklahoma Property and  
10 Casualty Insurance Guaranty Association Act;  
11 modifying purpose; modifying applicability; modifying  
12 definitions; providing definitions; modifying the  
13 powers and duties of the Association; clarifying  
14 parties; clarifying timelines; permitting the  
Association to join certain organizations; permitting  
the Association to make certain payments; prohibiting  
use of the existence of the Association to sell or  
solicit insurance; clarifying that certain records  
are not public records; providing exceptions;  
providing for codification; and providing an  
effective date.

15  
16 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

17 SECTION 1. AMENDATORY 36 O.S. 2021, Section 2002, is  
18 amended to read as follows:

19 Section 2002. A. The purpose of the Oklahoma Property and  
20 Casualty Insurance Guaranty Association Act is to provide a  
21 mechanism for the payment of covered claims under certain insurance  
22 policies, to avoid excessive delay in payment, ~~to avoid and to the~~  
23 extent provided in this act, minimize financial loss to claimants or

1 policyholders because of the insolvency of an insurer, and to  
2 provide an association to assess the cost of protection among  
3 insurers.

4       B. The Oklahoma Property and Casualty Insurance Guaranty  
5 Association Act shall be construed to effect the purpose provided  
6 for in subsection A of this section which shall constitute an aid  
7 and guide to interpretation of the Oklahoma Property and Casualty  
8 Insurance Guaranty Association Act.

9       SECTION 2.       AMENDATORY       36 O.S. 2021, Section 2003, is  
10 amended to read as follows:

11       Section 2003. The Oklahoma Property and Casualty Insurance  
12 Guaranty Association Act shall apply to all kinds of direct  
13 insurance, but shall not be applicable to the following:

14       1. Life, annuity, health, or disability insurance;

15       2. Ocean marine insurance;

16       3. Fidelity or surety bonds, or any other bonding obligations;

17       4. Title, as defined in Sections 702, 703, 705, 708 and 709 of  
18 this title, mortgage or financial guaranty insurance or other forms  
19 of insurance offering protection against investment risks;

20       5. Credit insurance, insurance of warranties or service  
21 contracts, annuities, vendors single interest insurance, collateral  
22 protection insurance; and

23       6. Any transaction or combination of transactions between a  
24 person, including affiliates of the person, and an insurer,

1 including affiliates of the insurer, which involves the transfer of  
2 investment or credit risk unaccompanied by transfer of investment  
3 risk; and

4       7. Any insurance provided by or guaranteed by a government.

5 SECTION 3.       AMENDATORY       36 O.S. 2021, Section 2004, is  
6 amended to read as follows:

7           Section 2004. As used in the Oklahoma Property and Casualty  
8 Insurance Guaranty Association Act:

9       1. "Affiliate" means a person who directly or indirectly,  
10 through one or more intermediaries, controls, is controlled by, or  
11 is under common control with another person on December 31 of the  
12 year next preceding the date the insurer becomes an insolvent  
13 insurer;

14       2. "Association" means the Oklahoma Property and Casualty  
15 Insurance Guaranty Association as created in Section 2005 of this  
16 title;

17       3. "Assumed claims transaction" means:

18           a. policy obligations that have been assumed by the  
19                   insolvent insurer, prior to the entry of a final order  
20                   of liquidation, pursuant to a plan, approved by a  
21                   domestic commissioner of the assuming insurer, which  
22                   transfers the direct policy obligations and future  
23                   policy renewals from one insurer to another insurer,  
24                   or

1                   b. an assumption reinsurance transaction in which all of  
2                   the following have occurred:

- 3                   (1) the insolvent insurer assumed, prior to the entry  
4                   of a final order of liquidation, the claim or  
5                   policy obligations of another insurer under the  
6                   claims or policies,
- 7                   (2) the assumption of the claim or policy obligations  
8                   has been approved, if an approval is required, by  
9                   the appropriate regulatory authorities, and
- 10                  (3) as a result of the assumption, the claim or  
11                  policy obligations became the direct obligations  
12                  of the insolvent insurer through novation of the  
13                  claims or policies;

14                  4. "Claimant" means any person instituting a covered claim;

15                  provided that no person who is an affiliate of the insolvent insurer  
16                  may be a claimant;

17                  5. "Commissioner" means the Insurance Commissioner of Oklahoma;

18                  6. "Control" means the possession, direct or indirect, of the

19                  power to direct or cause the direction of the management and  
20                  policies of a person, whether through the ownership of voting

21                  securities, by contract other than a commercial contract for goods  
22                  or nonmanagement services, or otherwise, unless the power is the

23                  result of an official position with or corporate office held by the  
24                  person. Control shall be presumed to exist if a person, directly or

1 indirectly, owns, controls, holds with the power to vote, or holds  
2 proxies representing ten percent (10%) or more of the voting  
3 securities of any other person. This presumption may be rebutted by  
4 a showing that control does not exist in fact;

5 7. "Covered claim" means:

6 a. an unpaid claim, including one of unearned premiums,  
7 submitted by a claimant, which arises out of and is  
8 within the coverage and is subject to the applicable  
9 limits of an insurance policy to which this act  
10 applies, if the insurer becomes an insolvent insurer  
11 after the effective date of this act and the policy  
12 was issued by the insurer, and:

13 (1) the claimant or insured is a resident of this  
14 state at the time of the insured event, provided  
15 that for entities other than an individual, the  
16 residence of a claimant or insured is the state  
17 in which its principal place of business is  
18 located at the time of the insured event, or

19 (2) the claim is a first-party claim for damage to  
20 ~~property from which the claim arises is~~  
21 ~~permanently located with a permanent location in~~  
22 this state,

23 b. "Covered claim" includes claim obligations that arose  
24 through the issuance of an insurance policy by a

1                   member insurer, which are later allocated,  
2                   transferred, merged into, novated, assumed by, or  
3                   otherwise made the sole responsibility of a member or  
4                   nonmember insurer if:

- 5                   (1)    the original member insurer has no remaining  
6                   obligations on the policy after the transfer,  
7                   (2)    a final order of liquidation with a finding of  
8                   insolvency has been entered against the insurer  
9                   that assumed the member's coverage obligations by  
10                  a court of competent jurisdiction in the  
11                  insurer's state of domicile,  
12                  (3)    the claim would have been a covered claim, as  
13                  defined in subparagraph a of paragraph 7 of this  
14                  section, if the claim had remained the  
15                  responsibility of the original member insurer and  
16                  the order of liquidation had been entered against  
17                  the original member insurer, with the same claim  
18                  submission date and liquidation date, and  
19                  (4)    in cases where the member's coverage obligations  
20                  were assumed by a nonmember insurer, the  
21                  transaction received prior regulatory or judicial  
22                  approval,

23                  c.     "Covered claim" shall not include:

- (1) any amount awarded as punitive or exemplary damages,
  - (2) any amount sought as a return of premium under any retrospective rating plan,
  - (3) any amount due any reinsurer, insurer, insurance pool, or underwriting association, health maintenance organization, hospital plan corporation, professional health service corporation or self-insurer as subrogation recoveries, reinsurance recoveries, contribution, indemnification or otherwise. No claim for any amount due any reinsurer, insurer, insurance pool, or underwriting association, health maintenance organization, hospital plan corporation, professional health service corporation or self-insurer may be asserted against a person insured under a policy issued by an insolvent insurer other than to the extent the claim exceeds the association obligation limitations set ~~for~~ forth in Section 2007 of this title,
  - (4) any claims excluded pursuant to Section ~~15~~ 2020.2 of this ~~act~~ title due to the high net worth of an insured,

- (5) any first-party claims by an insured that is an affiliate of the insolvent company,
  - (6) any fee or other amount relating to goods or services sought by or on behalf of any attorney or other provider of goods and services retained by the insolvent insurer or an insured prior to the date it was determined to be insolvent,
  - (7) any fee or other amount sought by or on behalf of any attorney or other provider of goods and services retained by any insured or claimant in connection with the assertion or prosecution of any claim, covered or otherwise, against the Association,
  - (8) any claims for interest,
  - (9) any claim filed with the association or a liquidator for protection afforded under the policy of the insured for incurred-but-not-reported losses, or
  - (10) notwithstanding any other provision of this act or any other law to the contrary, a claim that is filed with the ~~association~~ Association on the earlier of:

1                             (a) the final date set by the court for filing  
2                             of claims against the liquidator or receiver  
3                             of an insolvent insurer, or  
4                             (b) a date that is later than eighteen (18)  
5                             months after the date of the order of  
6                             liquidation or that is unknown and  
7                             unreported as of said date; provided,  
8                             however, that this shall not include any  
9                             claim for workers' compensation benefits  
10                            pursuant to Title 85A of the Oklahoma  
11                            Statutes and the applicable rules of OAC  
12                            Title 810;

13        8. "Cybersecurity insurance", for purposes of this act,  
14        includes first-party and third-party coverage, in a policy or  
15        endorsement, written on a direct, admitted basis for losses and loss  
16        mitigation arising out of or relating to data privacy breaches,  
17        unauthorized information network, security intrusions, computer  
18        viruses, ransomware, cyber extortion, identity theft, and similar  
19        exposures;

20        9. "Insolvent insurer" means an insurer that is licensed to  
21        transact insurance in this state either at the time the policy was  
22        issued, when the obligation with respect to the covered claim was  
23        assumed under an assumed claims transaction, or when the insured  
24        event occurred and against whom a final order of liquidation has

1      been entered after the effective date of this act with a finding of  
2      insolvency by a court of competent jurisdiction in the state of  
3      domicile of the insurer;

4      9. 10. "Insured" means any named insured, any additional  
5      insured, any vendor, lessor or any other party identified as an  
6      insured under the policy;

7      10.

8      11. a. "Member insurer" means any person who:

9                (1) writes any kind of direct insurance to which the  
10               Oklahoma Property and Casualty Insurance Guaranty  
11               Association Act applies pursuant to Section 2003  
12               of this title, including the exchange of  
13               reciprocal or inter-insurance contracts, and  
14               (2) is licensed to transact insurance in this state,  
15               except those insurers enumerated in Section 110  
16               of this title or those insurers that are  
17               otherwise exempted by law or order of the  
18               Commissioner-;

19      b. An insurer shall cease to be a member insurer  
20               effective on the day following the termination or  
21               expiration of its license to transact the kinds of  
22               insurance to which the Oklahoma Property and Casualty  
23               Insurance Guaranty Association Act applies; however,  
24               the insurer shall be liable as a member insurer for

1                   any and all obligations, including but not limited to  
2                   obligations for assessments levied after the  
3                   termination or expiration, which relate to any insurer  
4                   that becomes an insolvent insurer prior to the  
5                   termination or expiration of the license of the  
6                   insurer; and

7                   c. "Member insurer" does not mean:

- 8                   (1) a "surplus lines insurer" or a person writing  
9                   surplus lines insurance as defined in Section  
10                  1101.1 of this title, or  
11                  (2) a "risk retention group" as defined in Section  
12                  6453 of this title, or  
13                  (3) a "captive insurance company" as defined in  
14                  Section 6470.2 of this title;

15                  11. 12. "Net direct written premiums" means direct gross

16                  premiums written in this state on insurance policies to which this  
17                  act applies, including but not limited to policy and membership  
18                  fees, less the following amounts:

- 19                  a. return premiums,  
20                  b. premiums on policies not taken, and  
21                  c. dividends paid or credited to policyholders on direct  
22                  business. "Net direct written premiums" does not  
23                  include premiums on contracts between insurers or  
24                  reinsurers;

1       ~~12.~~ 13. "Novation" means that the assumed claim or policy  
2       obligations became the direct obligations of the insolvent insurer  
3       through consent of the policyholder and that thereafter the ceding  
4       insurer or entity initially obligated under the claims or policies  
5       is released by the policyholder from performing its claim or policy  
6       obligations. Consent shall be express and an implied novation shall  
7       not be allowed for the purposes, implementation and application of  
8       the Oklahoma Property and Casualty Insurance Guaranty Association  
9       Act;

10      ~~13.~~ 14. "Person" means the individual or other entities as  
11     defined in Section 104 of this title;

12      ~~14.~~ 15. "Receiver" means liquidator, rehabilitator, conservator  
13     or ancillary receiver, as the context requires; and

14      ~~15.~~ 16. "Self-insurer" means a person who covers its liability  
15     through a qualified individual or group self-insurance program or  
16     any other formal program created for the specific purpose of  
17     covering liabilities typically covered by insurance.

18      SECTION 4.       AMENDATORY       36 O.S. 2021, Section 2007, is  
19     amended to read as follows:

20      Section 2007. A. The Oklahoma Property and Casualty Insurance  
21     Guaranty Association shall:

22       1. Be obligated to pay the covered claims existing prior to the  
23     determination of insolvency if the claims arise within thirty (30)  
24     days after the determination of insolvency, or before the policy

1 expiration date if less than thirty (30) days after the  
2 determination, or before the insured replaces the policy or causes  
3 its cancellation, if the insured does so within thirty (30) days of  
4 the determination. The obligation shall be satisfied by paying to  
5 the claimant an amount as follows:

- 6 a. the full amount of a covered claim for benefits under  
7 a workers' compensation insurance coverage,
- 8 b. an amount not exceeding Ten Thousand Dollars  
9 (\$10,000.00) per policy for a covered claim for the  
10 return of unearned premium, and
- 11 c. an amount not exceeding One Hundred Fifty Thousand  
12 Dollars (\$150,000.00) per claimant for all other  
13 covered claims except for claims relating to a  
14 cybersecurity insurance policy, and
- 15 d. in no event shall the Association be obligated to pay  
16 an amount in excess of Five Hundred Thousand Dollars  
17 (\$500,000.00) for all first- and third-party claims  
18 under a policy or endorsement providing, or that is  
19 found to provide, cybersecurity insurance coverage and  
20 arising out of or related to a single insured event,  
21 regardless of the number of claims made or the number  
22 of claimants.

23 In no event shall the Association be obligated to pay a claimant  
24 an amount in excess of the obligation of the insolvent insurer under

1      the policy or coverage from which the claim arises or in excess of  
2      the limits of the obligation of the Association existing on the date  
3      on which the order of liquidation is filed with the court clerk;

4            2. Any obligation of the association to defend an insured shall  
5      cease upon the payment or tender by the association of an amount  
6      equal to the lesser of the covered claim obligation limit of the  
7      association or the applicable policy limit;

8            3. As payor of last resort, have all rights, duties and  
9      obligations of the insolvent insurer as if the insurer had not  
10     become insolvent including, but not limited to, the right to pursue  
11     and retain salvage and subrogation recoverable on covered claim  
12     obligations to the extent paid by the ~~association~~ Association. The  
13     ~~association~~ Association shall not be deemed the insolvent insurer  
14     for the purpose of conferring jurisdiction;

15           4. Allocate claims paid and expenses incurred among the three  
16     accounts set out in Section 2005 of this title separately, and  
17     assess member insurers separately for each account amounts necessary  
18     to pay the obligations of the Association under this section  
19     subsequent to a member insurer becoming an insolvent insurer, the  
20     expenses of handling covered claims subsequent to an insolvency, and  
21     other expenses authorized by the Oklahoma Property and Casualty  
22     Insurance Guaranty Association Act, Sections 2001 through 2020 of  
23     this title and Sections 2020.1 and 2020.2 of this title. The  
24     assessments of each member insurer shall be in the proportion that

1 the net direct written premiums of the member insurer for the  
2 calendar year preceding the assessment on the kinds of insurance in  
3 the account bear to the net direct written premiums of all  
4 participating insurers for the calendar year preceding the  
5 assessment on the kinds of insurance in the account. Each member  
6 insurer shall be notified in writing of the assessment not later  
7 than thirty (30) days before it is due. No member insurer may be  
8 assessed in any year an amount greater than two percent (2%) of the  
9 net direct written premiums of that member or one percent (1%) of  
10 that surplus of the member insurer as regards policyholders for the  
11 calendar year preceding the assessment on the kinds of insurance in  
12 the account, whichever is less. If the maximum assessment, together  
13 with the other assets of the Association, does not provide in any  
14 one (1) year in any account an amount sufficient to make all  
15 necessary payments from that account, the funds available may be  
16 prorated and the unpaid portion shall be paid as soon thereafter as  
17 funds become available. The Association shall pay claims in any  
18 order which it deems reasonable, including the payment of claims as  
19 the claims are received from the claimants or in groups or  
20 categories of claims. The Association may exempt or defer, in whole  
21 or in part, the assessment of any member insurer, if the assessment  
22 would cause the financial statement of the member insurer to reflect  
23 amounts of capital or surplus less than the minimum amounts required  
24 for a certificate of authority by any jurisdiction in which the

1 member insurer is authorized to transact insurance. During the  
2 period of deferment, no dividends shall be paid to shareholders or  
3 policyholders. Deferred assessments shall be paid when the payments  
4 will not reduce capital or surplus below required minimums. The  
5 payments may be refunded to those companies receiving larger  
6 assessments by virtue of the deferment, or, at the election of any  
7 company credited against future assessments. Each member insurer  
8 serving as a servicing facility may set off against any assessment  
9 authorized payments made on covered claims and expenses incurred in  
10 the payment of covered claims by a member insurer if they are  
11 chargeable to the account for which the assessment is made;

12       5. Investigate claims brought against the Association and  
13 adjust, compromise, settle and pay covered claims to the extent of  
14 the obligation of the Association and deny all other claims. The  
15 Association shall pay claims in any order that it may deem  
16 reasonable, including, but not limited to, the payment of claims as  
17 they are received from claimants or in groups of categories of  
18 claims. The Association shall have the right to select and to  
19 direct legal counsel under liability insurance policies for the  
20 defense of covered claims;

21       6. Notify claimants in this state as deemed necessary by the  
22 Commissioner and upon the request of the Commissioner, to the extent  
23 records are available to the Association. Notification may include,  
24

1 but shall not be limited to, a legal posting on the website of the  
2 Association;

3       7. a. Handle claims through employees or through one or more  
4                    insurers or other persons designated as servicing  
5                    facilities. Designation of a servicing facility is  
6                    subject to approval of the Commissioner, but such  
7                    designation may be declined by a member insurer.

8       b. The Association shall have the right to review and  
9                    contest as set forth in this paragraph, settlements,  
10                    releases, compromises, waivers and judgments to which  
11                    the insolvent insurer or its insureds were parties  
12                    prior to the entry of the order of liquidation. In an  
13                    action to enforce settlements, releases and judgments  
14                    to which the insolvent insurer or its insureds were  
15                    parties prior to the entry of the order of  
16                    liquidation, the Association shall have the right to  
17                    assert the following defenses:

18               (1) the Association shall not be bound by a  
19                    settlement, release, compromise or waiver  
20                    executed by an insured or the insurer, or any  
21                    judgment entered against the insured or the  
22                    insurer by consent or through a failure to  
23                    exhaust all appeals, if the settlement, release,  
24                    compromise waiver or judgment was:

- (a) executed or entered within one hundred twenty (120) days prior to the entry of an order of liquidation, and the insured or the insurer did not use reasonable care in entering into the settlement, release, compromise, waiver or judgment, or did not pursue all reasonable appeals of an adverse judgment, or
  - (b) executed by or taken against an insured or the insurer based on default, fraud, collusion or the failure of the insurer to defend,

(2) if a court of competent jurisdiction finds that the Association is not bound by a settlement, release, compromise, waiver or judgment for the releases provided for in division (1) of subparagraph b of this paragraph, the settlement, release, compromise, waiver or judgment shall be set aside and the Association shall be permitted to defend any covered claim on the merits. The settlement, release, compromise, waiver or judgment shall not be considered as evidence of liability in connection with any claim brought against the Association or any other party

pursuant to the Oklahoma Property and Casualty  
Insurance Guaranty Association Act, and

(3) the Association shall have the right to assert any statutory defenses or rights of offset against any settlement, release, compromise or waiver executed by an insured or the insurer, or any judgment taken against the insured or the insurer.

c. As to any covered claims arising from a judgment under any decision, verdict or finding based on the default of the insolvent insurer or its failure to defend, the Association, either on its own behalf or on behalf of an insured, may apply to have the judgment, order, decision, verdict or finding set aside by the same court or administrator that entered the judgment, claim, decision, verdict or finding and shall be permitted to defend on the merits;

8. Reimburse each servicing facility for obligations of the

Association paid by the facility and for reasonable expenses

incurred by the facility while handling claims on behalf of the

Association and pay the other expenses of the Association authorized by the Oklahoma Property and Casualty Insurance Guaranty Association Act;

1       9. Have standing to appear before any court of this state which  
2       has jurisdiction over an impaired or insolvent insurer for whom the  
3       Association is or may become obligated pursuant to the provisions of  
4       the Oklahoma Property and Casualty Insurance Guaranty Association  
5       Act. Standing shall extend to all matters germane to the powers and  
6       duties of the Association including, but not limited to, proposals  
7       for rehabilitation, acquisition, merger, reinsuring, or guaranteeing  
8       the covered policies of the impaired or insolvent insurer, and the  
9       determination of covered policies and contractual obligations of the  
10      impaired or insolvent insurer; and

11       10. Notwithstanding any other provision of the Oklahoma  
12      Property and Casualty Insurance Guaranty Association Act, an  
13      insurance policy issued by a member insurer and later allocated,  
14      transferred, assumed by or otherwise made the sole responsibility of  
15      another insurer pursuant to any provision of law providing for the  
16      division of an insurance company, or the statutory assumption or  
17      transfer of designated policies under which there is no remaining  
18      obligation to the transferring entity, shall be considered to have  
19      been issued by a member insurer which is an insolvent insurer for  
20      the purposes of this ~~Act~~ act in the event that the insurer to which  
21      the policy has been allocated, transferred, assumed or otherwise  
22      made the sole responsibility of is placed in liquidation. An  
23      insurance policy that was issued by an insurer who is not a member  
24      insurer and subsequently allocated, transferred, assumed by or

1 otherwise made the sole responsibility of a member insurer under any  
2 provision of law providing for the division of an insurance company  
3 shall not be considered to have been issued by a member insurer  
4 pursuant to this Act act.

5       B. The Association may:

6           1. Employ or retain persons as are necessary to handle claims  
7 and perform other duties of the Association;

8           2. Borrow funds necessary to effect the purposes of the  
9 Oklahoma Property and Casualty Insurance Guaranty Association Act in  
10 accordance with the plan of operation;

11           3. Sue or be sued;

12           4. Negotiate and become a party to contracts as are necessary  
13 to carry out the purpose of the Oklahoma Property and Casualty  
14 Insurance Guaranty Association Act;

15           5. Refund to member insurers in proportion to the contribution  
16 of each member insurer that amount by which the assets of the  
17 Association exceed its liabilities, if at the end of any calendar  
18 year the board of directors finds that the assets of the Association  
19 exceed the liabilities as estimated by the board of directors for  
20 the coming year;

21           6. Lend monies to an insurer declared to be impaired by the  
22 Commissioner. The Association, with approval of the Commissioner,  
23 shall approve the amount, length and terms of the loan. "Impaired  
24 Insurer" for purposes of this section shall mean an insurer

1 potentially unable to fulfill its contractual obligations, but shall  
2 not mean an insolvent insurer;

3       7. Perform other acts as are necessary or proper to effectuate  
4 the purpose of the Oklahoma Property and Casualty Insurance Guaranty  
5 Association Act;

6       8. Intervene as a party in interest in any supervision,  
7 conservation, liquidation, rehabilitation, impairment or  
8 receivership in which policyholders' interests and interests of the  
9 Association may be or are affected; and

10      9. Be designated or may contract as a servicing facility for  
11 any entity which may be recommended by the board of directors of the  
12 Association and shall be approved by the Commissioner.

13       SECTION 5.       AMENDATORY       36 O.S. 2021, Section 2009, is  
14 amended to read as follows:

15       Section 2009. A. The Commissioner shall:

16       1. Notify the Oklahoma Property and Casualty Insurance Guaranty  
17 Association Executive Director of the existence of an insolvent  
18 insurer as soon as possible but not later than three (3) days after  
19 notice of the determination is received. The Association shall be  
20 entitled to a copy of a complaint seeking an order of liquidation  
21 with a finding of insolvency against a member company at the same  
22 time that the complaint is filed with a court of competent  
23 jurisdiction; and

1       2. Provide the Association with a statement of the net direct  
2 written premiums of each member insurer upon the request of the  
3 board of directors.

4           B. The Commissioner may:

5       1. Suspend or revoke, after the notice and hearing, the  
6 certificate of authority to transact insurance in this state of any  
7 member insurer which fails to pay an assessment when due or fails to  
8 comply with the plan of operation. As an alternative, the  
9 Commissioner may levy a fine on any member insurer which fails to  
10 pay an assessment when due. The fine shall not exceed five percent  
11 (5%) of the unpaid assessment per month, except that no fine shall  
12 be less than One Hundred Dollars (\$100.00) per month;

13       2. Revoke the designation of any servicing facility if the  
14 Commissioner finds claims are being handled unsatisfactorily; or

15       3. Examine or audit the Association.

16       C. Any final action or order of the Commissioner under the  
17 Oklahoma Property and Casualty Insurance Guaranty Association Act  
18 shall be subject to judicial review in a court of competent  
19 jurisdiction.

20           SECTION 6.       AMENDATORY       36 O.S. 2021, Section 2020.1, is  
21 amended to read as follows:

22           Section 2020.1.   A. The Oklahoma Property and Casualty  
23 Insurance Guaranty Association may join one or more organizations of  
24 other state associations of similar purposes, to further the

1      purposes and administer the powers and duties of the Association.  
2      The Association may designate one or more of these organizations to  
3      act as a liaison for the Association and, to the extent the  
4      Association authorizes, to bind the Association in agreements or  
5      settlements with receivers of insolvent insurance companies or their  
6      designated representatives.

7            B. The Oklahoma Property and Casualty Insurance Guaranty  
8      Association, in cooperation with other obligated or potentially  
9      obligated guaranty associations, or their designated  
10     representatives, shall make all reasonable efforts to coordinate and  
11     cooperate with receivers, or their designated representatives, in  
12     the most efficient and uniform manner, including the use of Uniform  
13     Data Standards as promulgated or approved by the National  
14     Association of Insurance Commissioners.

15           SECTION 7.        AMENDATORY        36 O.S. 2021, Section 2020.2, is  
16     amended to read as follows:

17           Section 2020.2. A. For purposes of this section, "high net  
18     worth insured" means any insured whose net worth exceeds Fifty  
19     Million Dollars (\$50,000,000.00) on December 31 of the year prior to  
20     the year in which the insurer becomes an insolvent insurer; provided  
21     that the net worth of an insured on that date shall be deemed to  
22     include the aggregate net worth of the insured and all of its  
23     subsidiaries and affiliates as calculated on a consolidated basis.

1       B. 1. The Oklahoma Property and Casualty Insurance Guaranty  
2 Association shall not be obligated to pay any first-party claims by  
3 a high net worth insured; and

4       2. The Association shall have the right to recover from a high  
5 net worth insured all amounts paid by the ~~association~~ Association to  
6 or on behalf of the insured, whether for indemnity, defense or  
7 otherwise; and

8       3. The Association may also, at its sole discretion and without  
9 assumption of any ongoing duty to do so, pay any cybersecurity  
10 insurance obligations covered by a policy or endorsement of an  
11 insolvent company on behalf of a high net worth insured as defined  
12 in this section. In that case, the Association shall recover from  
13 the high net worth insured under this section all amounts paid on  
14 its behalf, all allocated claim adjusted expenses related to such  
15 claims, the Association's attorney fees, and all court costs in any  
16 action necessary to collect the full amount to the Association's  
17 reimbursement under this section.

18       C. The Association shall not be obligated to pay any claim that  
19 would otherwise be a covered claim that is an obligation to or on  
20 behalf of a person who has a net worth greater than that allowed by  
21 the insurance guaranty association law of the state of residence of  
22 the claimant at the time specified by the applicable law of that  
23 state, and which association has denied coverage to that claimant on  
24 that basis.

1       D. The Association shall establish reasonable procedures for  
2 requesting financial information from insureds on a confidential  
3 basis for purposes of applying this section, provided that the  
4 financial information may be shared with any other association  
5 similar to the association and the liquidator for the insolvent  
6 insurer on the same confidential basis. Any request to an insured  
7 seeking financial information shall advise the insured of the  
8 consequences of failing to provide the financial information. If an  
9 insured refuses to provide the requested financial information where  
10 it is requested and available, the Association may, until the time  
11 as the information is provided, provisionally deem the insured to be  
12 a high net worth insured for the purpose of denying a claim under  
13 subsection B of this section.

14       E. In any lawsuit contesting the applicability of this section  
15 where the insured has refused to provide financial information under  
16 the procedure established pursuant to subsection D of this section,  
17 the insured shall bear the burden of proof concerning its net worth  
18 at the relevant time. If the insured fails to prove that its net  
19 worth at the relevant time was less than the applicable amount, the  
20 court shall award the association its full costs, expenses and  
21 reasonable attorney fees in contesting the claim.

22           SECTION 8.        NEW LAW        A new section of law to be codified  
23 in the Oklahoma Statutes as Section 2020.3 of Title 36, unless there  
24 is created a duplication in numbering, reads as follows:

1       No person, including an insurer, insurance producer, or  
2 affiliate of an insurer, shall publish, disseminate, circulate, or  
3 place before the public, or cause, directly or indirectly, to be  
4 published, disseminated, circulated or placed before the public, in  
5 any newspaper, magazine or other publication, or in the form of a  
6 notice, circular, pamphlet, letter or poster, or over any radio  
7 station or television station, or in any other way, any  
8 advertisement, which uses the existence of the Insurance Guaranty  
9 Association of this state for the purpose of sales, solicitation, or  
10 inducement to purchase any form of insurance covered by the Oklahoma  
11 Property and Casualty Insurance Guaranty Association law. However,  
12 this section does not apply to the Insurance Guaranty Association or  
13 to any other entity which does not sell or solicit insurance.

14       SECTION 9.       NEW LAW       A new section of law to be codified  
15 in the Oklahoma Statutes as Section 2020.4 of Title 36, unless there  
16 is created a duplication in numbering, reads as follows:

17           A. Except as provided in subsection B of this section, records  
18 created, held by, or pertaining to the Oklahoma Property and  
19 Casualty Insurance Guaranty Association are not public records under  
20 the Oklahoma Open Records Act, are confidential, and are not subject  
21 to inspection or disclosure.

22           B. Subsection A of this section does not apply to the plan of  
23 operation required under Section 2008 of Title 36 of the Oklahoma  
24 Statutes and other information required to be filed with the

1 Insurance Commissioner under Title 36 of the Oklahoma Statutes  
2 unless otherwise prohibited from release by law.

3 SECTION 10. This act shall become effective November 1, 2025.

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