

# An Act

ENROLLED HOUSE

BILL NO. 2201

By: Grau and Mulready of the  
House

and

Bingman of the Senate

An Act relating to CompSource; stating legislative findings and purpose; creating the CompSource Mutual Insurance Company Act; providing short title; defining terms; establishing CompSource Oklahoma as a mutual insurer; providing for organization of CompSource Mutual Insurance Company; providing duties and powers; providing statutory requirements and exemptions; providing that Company is not a state entity; providing for a Board of Directors; providing for composition and terms of office; providing for filling of vacancies; providing for initial Board; providing duties, power and authority of the Board of Directors; providing requirements for rates; providing immunity from liability for certain persons; providing duties, power and authority for the Company; making Company subject to premium taxes; requiring the Company to be a member of the Oklahoma Property and Casualty Insurance Guaranty Association; limiting liability of the Company for Guaranty Association assessments; providing for certain reports; providing for revenues, monies and assets of the Company; providing that the state has no liability or responsibility for the financial obligations of the Company; providing that the Company is a continuation of CompSource Oklahoma and providing for related duties and authority; providing for certain causes of action; providing for continuation of certain rates; providing for severability; providing that CompSource Oklahoma employees employed on the effective date of this act remain members of the Oklahoma Public Employees Retirement System; requiring CompSource Mutual

Insurance Company to pay required employer contributions for such employees; providing that other employees are not allowed to be members of the Oklahoma Public Employees Retirement System; providing for annual leave and sick leave; providing for service credit; amending 36 O.S. 2011, Section 902.3, which relates to calculation of workers' compensation premiums; eliminating the Board of Managers of CompSource Oklahoma from performance of certain duties; providing that the Board of Directors of CompSource Mutual Insurance Company shall perform certain duties; removing reference to CompSource Oklahoma from certain allocation; amending 36 O.S. 2011, Section 903.2, which relates to workplace safety plans; removing references to CompSource Oklahoma and its Board of Managers regarding certain prohibitions and procedure; amending 36 O.S. 2011, Section 924.2, which relates to workers' compensation insurance plans; removing references to CompSource Oklahoma and its officers; transferring certain duties to the Board of Directors of CompSource Mutual Insurance Company; removing certain requirements pertaining to CompSource Oklahoma; amending 36 O.S. 2011, Section 995, which relates to the Property and Casualty Competitive Loss Cost Rating Act; excluding CompSource Mutual Insurance Company from certain requirements relating to joint underwriting, joint reinsurance pool and residual market activities; amending 36 O.S. 2011, Sections 1250.2, 1250.4, 1250.9, 1250.10, 1250.11, 1250.13 and 1250.14, which relate to the Unfair Claims Settlement Practices Act; modifying definition; removing references to the State Insurance Fund and its representatives; amending 36 O.S. 2011, Section 1442, which relates to the Third-party Administrator Act; modifying definition; amending 36 O.S. 2011, Section 6701, which relates to workplace safety services; removing references to the State Insurance Fund; amending 40 O.S. 2011, Sections 417 and 418, which relate to the Oklahoma Occupational Health and Safety Standards Act; removing references to CompSource Oklahoma, its officers and the State Insurance Fund; amending 47 O.S. 2011, Section 157.1, which relates to insurance coverage for certain state vehicles; removing reference to the State Insurance Fund; amending 74

O.S. 2011, Section 85.29, as amended by Section 750, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2012, Section 85.29), which relates to The Oklahoma Central Purchasing Act; removing references to CompSource Oklahoma officers; amending 74 O.S. 2011, Section 85.58A, as amended by Section 782, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2012, Section 85.58A), which relates to the comprehensive professional risk management program; removing reference to CompSource Oklahoma; amending 74 O.S. 2011, Section 902, as amended by Section 1 of Enrolled House Bill No. 1325 of the 1st Session of the 54th Oklahoma Legislature, which relates to the Oklahoma Public Employees Retirement System; modifying definition; including certain employees of the CompSource Mutual Insurance Company; amending 74 O.S. 2011, Section 3601.1, which relates to full-time-equivalent employees; eliminating reference to Board of Managers of the State Insurance Fund and maximum allowable full-time-equivalent employees; amending 74 O.S. 2011, Section 3601.2, as amended by Section 1007, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2012, Section 3601.2), which relates to salaries of state chief executive officers; removing reference to and salary of chief executive officer of CompSource Oklahoma; amending 82 O.S. 2011, Section 1085.24, which relates to the purchase of certain certificates; removing the State Insurance Fund as a potential buyer; amending 85 O.S. 2011, Sections 308, 313, 328, 339, 352, 373, 375, 376, as amended by Section 1078, Chapter 304, O.S.L. 2012, 380, 396, 403, as amended by Section 1082, Chapter 304, O.S.L. 2012, 406 and 407 (85 O.S. Supp. 2012, Sections 376 and 403), which relate to the Workers' Compensation Code; modifying definitions; modifying requirements for governmental entities for obtaining workers' compensation insurance; changing references from the State Insurance Fund to CompSource Mutual Insurance Company; removing CompSource Oklahoma duties regarding workplace medical plans; removing references to CompSource Oklahoma; clarifying references; exempting CompSource Oklahoma from certain provisions; changing references from CompSource Oklahoma to CompSource Mutual Insurance Company; providing for determination of Multiple Injury Trust Fund obligations by the

Director; granting the Board of Directors for CompSource Mutual Insurance Company the power to disapprove certain assessment rate; requiring the State Treasurer to provide certain information to the Chief Executive Officer of CompSource Mutual Insurance Company; providing for a chief administrative officer for the Multiple Injury Trust Fund designated as the MITF Director; providing duties and powers of the MITF Director; repealing 74 O.S. 2011, Section 840-5.10, which relates to the designation of CompSource Oklahoma as a Merit System agency; repealing 76 O.S. 2011, Section 22, which authorizes CompSource Oklahoma to offer malpractice insurance and reinsurance; repealing 85 O.S. 2011, Section 378, which relates to the Task Force on Privatization of CompSource Oklahoma; repealing 85 O.S. 2011, Sections 375, as amended by Section 43 of this act and as recodified by Section 54 of this act, 376, as last amended by Section 44 of this act and as recodified by Section 54 of this act, 377, 379, 381, 382, 384, as amended by Section 1079, Chapter 304, O.S.L. 2012, 385, 386, 387, as amended by Section 1080, Chapter 304, O.S.L. 2012, 388, 389, as amended by Section 1081, Chapter 304, O.S.L. 2012, 390, 391, 392, 393, 394, 395, 397, 400 and 401 (85 O.S. Supp. 2012, Sections 384, 387 and 389), which relate to CompSource Oklahoma; providing for codification; providing for recodification; and providing an effective date.

SUBJECT: CompSource Mutual Insurance Company

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.1 of Title 85, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "CompSource Mutual Insurance Company Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.2 of Title 85, unless there is created a duplication in numbering, reads as follows:

As used in this act, the following words shall have the meanings indicated:

1. "Act" shall mean the CompSource Mutual Insurance Company Act;

2. "Chief Executive Officer" shall mean the President and Chief Executive Officer of CompSource Mutual Insurance Company. Effective January 1, 2015, all references in the Oklahoma Statutes to the State Insurance Fund Commissioner, the Commissioner of the State Insurance Fund, or the CompSource Oklahoma President and Chief Executive Officer shall be deemed references to the President and Chief Executive Officer of CompSource Mutual Insurance Company;

3. "Company" shall mean CompSource Mutual Insurance Company; and

4. "Director" shall mean a member of the Board of Directors of CompSource Mutual Insurance Company.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.3 of Title 85, unless there is created a duplication in numbering, reads as follows:

A. Effective January 1, 2015, CompSource Oklahoma shall operate as, and exercise the powers of, a domestic mutual insurer without capital stock or shares, in accordance with Title 36 of the Oklahoma Statutes, and shall be called CompSource Mutual Insurance Company. The Insurance Commissioner shall approve the Company's articles of incorporation and issue a certificate of authority to the Company to write workers' compensation insurance, as provided by Title 36 of the Oklahoma Statutes, not later than August 1, 2014, which shall become effective January 1, 2015. The Chief Executive Officer of CompSource Oklahoma shall take any measure necessary to accomplish the transition from CompSource Oklahoma to CompSource Mutual Insurance Company.

B. The Company shall be organized as a corporation benefiting the citizens of Oklahoma by providing workers' compensation and related coverages which are competitively priced that generally

benefit the public, but remain a financially independent entity that is neither more nor less than self-supporting.

C. The Company may provide related coverage which is incidental to workers' compensation insurance, including but not limited to coverage for risks under the Longshore and Harbor Workers' Compensation Act (33 U.S.C. Section 901 et seq.) and Title IV of the Federal Coal Mine Health and Safety Act of 1969 as amended by the Black Lung Benefits Act of 1972, as enacted or as may be amended by the Congress of the United States and other coverage related to employee and employment risks.

D. The Company shall provide workers' compensation insurance coverage for volunteer firefighters as provided in Section 380 of Title 85 of the Oklahoma Statutes, as amended by this act.

E. The Company shall be an insurance carrier for purposes of the Workers' Compensation Code.

F. Except as otherwise provided in this act, the Company shall be subject to the requirements of Title 36 of the Oklahoma Statutes and all regulatory authority granted to the Insurance Commissioner as would any other domestic mutual insurance company.

G. The Company shall be exempt from the following provisions of Title 36 of the Oklahoma Statutes until three (3) years after the Company begins operating pursuant to subsection A of Section 3 of this act:

1. Article 9;
2. Article 9A, other than Section 924.2 of Title 36 of the Oklahoma Statutes; and
3. Article 9B.

H. CompSource Mutual Insurance Company shall not be considered a state agency, public body, department, public trust, or any other term used to describe an entity which is a part of the Executive Branch of the State of Oklahoma under any state statute or regulation, except as otherwise provided for in the CompSource Mutual Insurance Company Act. As such, Oklahoma state statutes that shall not apply to CompSource Mutual Insurance Company include, but are not limited to:

1. Sections 301 through 314 of Title 25, Oklahoma Open Meeting Act;

2. Sections 151 through 158.2 of Title 47, State-Owned Automobiles;

3. Sections 24A.1 through 24A.29 of Title 51, Oklahoma Open Records Act;

4. Sections 151 through 200 of Title 51, The Governmental Tort Claims Act;

5. Title 61 of the Oklahoma Statutes, Public Buildings and Public Works;

6. Title 62 of the Oklahoma Statutes, Public Finance;

7. Sections 3-101 through 3-115 of Title 65, Department of Libraries;

8. Sections 201 through 217 of Title 67, Records Management Act;

9. Sections 301 through 303 of Title 67, Reproduction of Public Records;

10. Sections 305 through 317 of Title 67, Archives and Records Commission;

11. Sections 82.1 through 97 of Title 73, Capitol Grounds and Surroundings;

12. Chapters 4, 8, 10, 13, 17, 19, 27A, 30, 31, 37, 37A, 37B, 38A, 38B, 45, 45A, 48, 49, 50, 53, 56, 61, 81 and 110A of Title 74; and

13. Section 34.2 of Title 80.

I. By enacting the CompSource Mutual Insurance Company Act, the Legislature creates CompSource Mutual Insurance Company which, subject to the provisions of this act:

1. Shall be organized and operated under Oklahoma law, but be independent of the State of Oklahoma;

2. Shall provide workers' compensation insurance to any employer in Oklahoma which seeks such insurance and meets other reasonable requirements relating thereto;

3. Shall not be permitted to dissolve; and

4. Shall have a majority of the Board of Directors or oversight body of such organization appointed by the Governor or legislative officers as specified in Section 4 of this act.

J. Effective January 1, 2015, any references in the Oklahoma Statutes to CompSource Oklahoma or The State Insurance Fund shall be deemed references to CompSource Mutual insurance Company.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 375.4 of Title 85, unless there is created a duplication in numbering, reads as follows:

A. CompSource Mutual Insurance Company shall be governed by a Board of Directors composed of ten (10) members, all of whom shall be citizens of the state. The Board of Directors shall be composed of:

1. The Lieutenant Governor or a designee;

2. The State Auditor and Inspector or a designee;

3. One member appointed by the Governor;

4. One member appointed by the Speaker of the House of Representatives;

5. One member appointed by the President Pro Tempore of the Senate;

6. Four members shall be elected by the Company's policyholders. Such members shall not be from state agencies, but should come from the private business sector; and

7. The Chief Executive Officer of the Company shall be an ex officio, nonvoting member.

B. Other than the Chief Executive Officer of the Company, the Lieutenant Governor or a designee, and the State Auditor and Inspector or a designee, the members of the Board of Directors shall



