

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                                   1st Session of the 57th Legislature (2019)

4   COMMITTEE SUBSTITUTE  
5   FOR  
6   HOUSE BILL NO. 1335

                                  By: **Sims** and McEntire

7  
8                                   COMMITTEE SUBSTITUTE

9           An Act relating to insurance; creating the Protected  
10          Cell Companies Act; declaring purpose; providing  
11          definitions; providing for establishment of  
12          protective cell; requiring plan of operation;  
13          requiring approval of the Insurance Commissioner;  
14          providing for attributions of assets and liabilities;  
15          providing for legal status of protected cell;  
16          permitting right to contract; directing protected  
17          cell company to establish administrative and  
18          accounting procedures; prohibiting certain  
19          liabilities for protected cell assets; providing for  
20          valuation of assets; authorizing a protected cell  
21          company to engage in insurance securitization;  
22          requiring certain provisions be included in contracts  
23          or other documentation effecting the transaction;  
24          providing for close-out of protected cell account at  
                the cessation of business; prohibiting issuance of  
                certain contracts directly to policyholders or  
                reinsureds; precluding availability of assets to  
                certain creditors; precluding availability of assets  
                to certain persons; providing for obligations  
                relating solely to the general account; providing  
                exception; providing for applicability and procedures  
                during administrative supervision; providing for  
                orders of rehabilitation or conservation; providing  
                for challenge of an order of rehabilitation,  
                conservation or liquidation; requiring permission of  
                the Insurance Commissioner for voluntary winding up  
                of a protected cell company; providing for payment  
                from assets during rehabilitation, conservation or  
                liquidation; providing for fines and penalties;

1 providing exceptions for certain persons; authorizing  
2 the Insurance Commissioner to promulgate rules;  
3 providing for codification; and providing an  
4 effective date.

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

6 SECTION 1. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 1691 of Title 36, unless there  
8 is created a duplication in numbering, reads as follows:

9 This act shall be known and may be cited as the "Protected Cell  
10 Companies Act".

11 SECTION 2. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 1692 of Title 36, unless there  
13 is created a duplication in numbering, reads as follows:

14 The Protected Cell Companies Act is adopted to provide a basis  
15 for the creation of protected cells by a domestic insurer as a means  
16 of accessing alternative sources of capital and achieving the  
17 benefits of insurance securitization or effectuating insurance  
18 business transfers in accordance with the Insurance Business  
19 Transfer Act. Investors in fully funded insurance securitization  
20 transactions provide funds that are available to pay the insurer's  
21 insurance obligations or to repay investors or both. The creation  
22 of protected cells is intended to be a means to achieve more  
23 efficiencies in conducting insurance securitizations or insurance  
24 business transfers.

1 SECTION 3. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 1693 of Title 36, unless there  
3 is created a duplication in numbering, reads as follows:

4 As used in the Protected Cell Companies Act:

5 1. "Commissioner" means the Oklahoma Insurance Commissioner;

6 2. "Domestic insurer" means an insurance or reinsurance company  
7 domiciled in the State of Oklahoma or a captive insurance or  
8 reinsurance company domiciled in the State of Oklahoma;

9 3. "Fair value" of an asset or liability means the amount at  
10 which that asset or liability could be bought, incurred, sold or  
11 settled in a current transaction between willing parties other than  
12 in a forced or liquidation sale. Quoted market prices in active  
13 markets are the best evidence of fair value and shall be used as the  
14 basis for the measurement, if available. If a quoted market price  
15 is available, the fair value is the product of the number of trading  
16 units times market price. If quoted market prices are not  
17 available, the estimate of fair value shall be based on the best  
18 information available. The estimate of fair value shall consider  
19 prices for similar assets and liabilities and the results of  
20 valuation techniques to the extent available in the circumstances.  
21 Examples of valuation techniques include the present value of  
22 estimated expected future cash flows using a discount rate  
23 commensurate with the risks involved, option pricing models, matrix  
24 pricing, option-adjusted spread models and fundamental analysis.

1 Valuation techniques for measuring financial assets and liabilities  
2 and servicing assets and liabilities shall be consistent with the  
3 objective of measuring fair value. Those techniques shall  
4 incorporate assumptions that market participants would use in their  
5 estimates of values, future revenues and future expenses, including  
6 assumptions about interest rates, default, prepayment and  
7 volatility. When measuring financial liabilities and servicing  
8 liabilities at fair value by discounting estimated future cash  
9 flows, the objective is to use discount rates at which those  
10 liabilities could be settled in an arm's-length transaction.  
11 Estimates of expected future cash flows, if used to estimate fair  
12 value, shall be the best estimate based on reasonable and  
13 supportable assumptions and projections. All available evidence  
14 shall be considered in developing estimates of expected future cash  
15 flows. The weight given to the evidence shall be commensurate with  
16 the extent to which the evidence can be verified objectively. If a  
17 range is estimated for the amount or timing of possible cash flows,  
18 the likelihood of possible outcomes shall be considered in  
19 determining the best estimate of future cash flows;

20 4. "Fully funded" means that, with respect to any exposure  
21 attributed to a protected cell, the fair value of the protected cell  
22 assets, on the date on which the insurance securitization is  
23 effected, equals or exceeds the maximum possible exposure  
24 attributable to the protected cell with respect to those exposures;

1       5. "General account" means the assets and liabilities of a  
2 protected cell company other than protected cell assets and  
3 protected cell liabilities;

4       6. "Indemnity trigger" means a transaction term by which relief  
5 of the issuer's obligation to repay investors is triggered by its  
6 incurring a specified level of losses under its insurance or  
7 reinsurance contracts;

8       7. "Nonindemnity trigger" means a transaction term by which  
9 relief of the issuer's obligation to repay investors is triggered  
10 solely by some event or condition other than the individual  
11 protected cell company incurring a specified level of losses under  
12 its insurance or reinsurance contracts;

13       8. "Protected cell" means an identified pool of assets and  
14 liabilities of a protected cell company segregated and insulated by  
15 means of this act from the remainder of the protected cell company's  
16 assets and liabilities;

17       9. "Protected cell account" means a specifically identified  
18 bank or custodial account established by a protected cell company  
19 for the purpose of segregating the protected cell assets of one  
20 protected cell from the protected cell assets of other protected  
21 cells and from the assets of the protected cell company's general  
22 account;

1       10. "Protected cell assets" means all assets, contract rights  
2 and general intangibles identified with and attributable to a  
3 specific protected cell of a protected cell company;

4       11. "Protected cell company" means a domestic insurer that has  
5 one or more protected cells;

6       12. "Protected cell company insurance securitization" means the  
7 issuance of debt instruments, the proceeds from which support the  
8 exposures attributed to the protected cell, by a protected cell  
9 company, where repayment of principal and/or interest to investors  
10 pursuant to the transaction terms is contingent upon the occurrence  
11 or nonoccurrence of an event with respect to which the protected  
12 cell company is exposed to loss under insurance or reinsurance  
13 contracts it has issued;

14       13. "Protected cell liabilities" means all liabilities and  
15 other obligations identified with and attributable to a specific  
16 protected cell of a protected cell company; and

17       14. "Receiver" means the Commissioner, where the Commissioner  
18 is acting as a rehabilitator, liquidator or administrative  
19 supervisor of a company, or any person appointed to carry out an  
20 order of rehabilitation or liquidation of a company.

21       SECTION 4.       NEW LAW       A new section of law to be codified  
22 in the Oklahoma Statutes as Section 1694 of Title 36, unless there  
23 is created a duplication in numbering, reads as follows:

24

1       A. A protected cell company may establish one or more protected  
2 cells, with the prior written approval of the Insurance Commissioner  
3 of a plan of operation or amendments to a plan of operation  
4 submitted by the protected cell company with respect to each  
5 protected cell. Upon the written approval of the Commissioner of  
6 the plan of operation or amendments to a plan of operation, which  
7 shall include, but not be limited to, the specific business  
8 objectives and investment guidelines of the protected cell, the  
9 protected cell company may, in accordance with the approved plan of  
10 operations, attribute to the protected cell amounts both reflective  
11 of insurance obligations with respect to its insurance business and  
12 obligations relating to the insurance securitization and assets to  
13 fund the obligations. Each protected cell of a protected cell  
14 company shall have its own distinct name or designation, which shall  
15 include the words "protected cell". The protected cell company  
16 shall transfer all assets attributable to each protected cell to one  
17 or more separately established and identified protected cell  
18 accounts bearing the name or designation of that protected cell.  
19 Protected cell assets shall be held in the protected cell accounts  
20 for the purpose of satisfying the obligations of that protected  
21 cell.

22       B. All attributions of assets and liabilities between a  
23 protected cell and the general account shall be in accordance with  
24 the plan of operation approved by the Commissioner or shall be

1 otherwise approved by the Commissioner. Unless otherwise approved  
2 by the Commissioner, no other attribution of assets or liabilities  
3 shall be made by a protected cell company between the protected cell  
4 company's general account and one or more of its protected cells.  
5 Any attribution of assets and liabilities between the general  
6 account and a protected cell, or from investors in the form of  
7 principal on a debt instrument issued by a protected cell company in  
8 connection with a protected cell company securitization, shall be in  
9 cash or readily marketable securities with established market values  
10 unless otherwise approved in advance in writing by the Commissioner.

11 C. The creation of a protected cell does not create, in respect  
12 of that protected cell, a legal person separate from the protected  
13 cell company. Amounts attributed to a protected cell under this  
14 act, including assets transferred to a protected cell account, are  
15 owned by the protected cell company and the protected cell company  
16 may not be, nor hold itself out to be, a trustee with respect to  
17 those protected cell assets of that protected cell account.

18 Notwithstanding the foregoing, the protected cell company may allow  
19 for a security interest to attach to protected cell assets or a  
20 protected cell account when in favor of a creditor of the protected  
21 cell and otherwise allowed under applicable law.

22 D. Nothing in the Protected Cell Companies Act shall be  
23 construed to prohibit the protected cell company from contracting  
24 with or arranging for an investment advisor, commodity trading



1 advisor or other third party to manage the protected cell assets of  
2 a protected cell, provided that all remuneration, expenses and other  
3 compensation of the third-party advisor or manager are payable from  
4 the protected cell assets of that protected cell and not from the  
5 protected cell assets of other protected cells or the assets of the  
6 protected cell company's general account. The contract shall  
7 clearly reference the protected cell or cells for which the contract  
8 has been arranged and shall contain a nonrecourse provision in favor  
9 of the company that prohibits the contracting party from seeking  
10 recourse against, or attaching, the assets of the general account,  
11 or the assets of another protected cell, to satisfy the obligations  
12 of any one or more protected cells which are the subject of the  
13 contract.

14 E. A protected cell company shall establish any administrative  
15 and accounting procedures that are necessary to properly identify  
16 the one or more protected cells of the protected cell company and  
17 the protected cell assets and protected cell liabilities  
18 attributable to the protected cells. It shall be the duty of the  
19 directors of a protected cell company to:

20 1. Keep protected cell assets and protected cell liabilities  
21 separate and separately identifiable from the assets and liabilities  
22 of the protected cell company's general account; and

23 2. Keep protected cell assets and protected cell liabilities  
24 attributable to one protected cell separated and separately

1 identifiable from protected cell assets and protected cell  
2 liabilities attributable to other protected cells.

3 Notwithstanding other provisions of this section, and subject to  
4 the provisions of Section 10 of this act, if this section is  
5 violated, the remedy of tracing shall be applicable to protected  
6 cell assets when commingled with protected cell assets of other  
7 protected cells or the assets of the protected cell company's  
8 general account. The remedy of tracing shall not be construed as an  
9 exclusive remedy.

10 F. Unless otherwise approved by the Commissioner, the protected  
11 cell company shall, when establishing a protected cell, attribute  
12 the protected cell assets a value at least equal to the reserves and  
13 other insurance liabilities attributed to that protected cell.

14 SECTION 5. NEW LAW A new section of law to be codified  
15 in the Oklahoma Statutes as Section 1695 of Title 36, unless there  
16 is created a duplication in numbering, reads as follows:

17 A. The protected cell assets of any protected cell shall not be  
18 charged with liabilities arising out of any other business the  
19 protected cell company may conduct. All contracts or other  
20 documentation reflecting protected cell liabilities shall clearly  
21 indicate that only the protected cell assets are available for the  
22 satisfaction of those protected cell liabilities.

23  
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1 B. Unless otherwise approved by the Insurance Commissioner,  
2 assets attributed to a protected cell shall be valued at their fair  
3 value on the date of valuation.

4 C. The income, gains and losses, realized or unrealized, from  
5 protected cell assets and protected cell liabilities shall be  
6 credited to or charged against the protected cell without regard to  
7 other income, gains or losses of the protected cell company,  
8 including income, gains or losses of other protected cells. Amounts  
9 attributed to any protected cell and accumulations on the attributed  
10 amounts may be invested and reinvested without regard to any  
11 requirements or limitations imposed on investments of insurance  
12 companies domiciled in this state and the investments in any  
13 protected cell or cells may not be taken into account in applying  
14 the investment limitations otherwise applicable to the investments  
15 of the protected cell company, subject to any restrictions that may  
16 be imposed by the Commissioner in accordance with Section 12 of this  
17 act.

18 D. As permitted by the Commissioner, a protected cell company  
19 may, in respect of any of its protected cells, engage in fully  
20 funded indemnity triggered and/or fully funded nonindemnity  
21 triggered insurance securitization to support in full the protected  
22 cell exposures attributable to that protected cell. A protected  
23 cell company insurance securitization that is nonindemnity triggered  
24 shall qualify as an insurance securitization under the terms of this

1 section only after the Commissioner, in accordance with the  
2 authority granted under Section 12 of this act, adopts regulations  
3 addressing the methods of funding of the portion of the risk that is  
4 not indemnity-based, accounting, disclosure, risk-based capital  
5 treatment, and assessing risks associated with those  
6 securitizations. A protected cell company insurance securitization  
7 that is not fully funded, whether indemnity triggered or  
8 nonindemnity triggered, is prohibited. Protected cell assets may be  
9 used to pay interest or other consideration on any outstanding debt  
10 or other obligation attributable to that protected cell, and nothing  
11 in this section shall be construed or interpreted as preventing a  
12 protected cell company from entering into a swap agreement or other  
13 transaction for the account of the protected cell that has the  
14 effect of guaranteeing that interest or other consideration.

15 E. In all protected cell company insurance securitizations, the  
16 contracts or other documentation effecting the transaction shall  
17 contain provisions identifying the protected cell to which the  
18 transaction will be attributed. In addition, the contracts or other  
19 documentation shall clearly disclose that the assets of that  
20 protected cell, and only those assets, are available to pay the  
21 obligations of that protected cell. Notwithstanding the foregoing,  
22 and subject to the provisions of this title and any other applicable  
23 law or rules, the failure to include that language in the contracts  
24 or other documentation shall not be used as the sole basis by

1 creditors, reinsurers or other claimants to circumvent the  
2 provisions of this section.

3 F. At the cessation of business of a protected cell, and in  
4 absence of any placement under administrative supervision or order  
5 of conservation, rehabilitation or liquidation attributable to that  
6 protected cell or the protected cell company, the protected cell  
7 company shall voluntarily close out the protected cell account in  
8 accordance with a plan approved by the Commissioner.

9 G. A protected cell company shall only be authorized to  
10 attribute to a protected cell account the insurance obligations  
11 relating to the protected cell company's general account. Under no  
12 circumstances shall a protected cell be authorized to issue  
13 insurance or reinsurance contracts directly to policyholders or  
14 reinsureds or have any obligation to the policyholders or reinsureds  
15 of the protected cell company's general account.

16 SECTION 6. NEW LAW A new section of law to be codified  
17 in the Oklahoma Statutes as Section 1696 of Title 36, unless there  
18 is created a duplication in numbering, reads as follows:

19 A. 1. Protected cell assets shall only be available to the  
20 creditors of the protected cell company that are creditors in  
21 respect to that protected cell and shall be entitled, in conformity  
22 with the provisions of the Protected Cell Companies Act, to have  
23 recourse to the protected cell assets attributable to that protected  
24 cell, and shall be absolutely protected from the creditors of the

1 protected cell company that are not creditors in respect of that  
2 protected cell and, who accordingly, shall not be entitled to have  
3 recourse to the protected cell assets attributable to that protected  
4 cell. Creditors with respect to a protected cell shall not be  
5 entitled to have recourse against the protected cell assets of other  
6 protected cells or the assets of the protected cell company's  
7 general account.

8       2. Protected cell assets shall only be available to creditors  
9 of a protected cell company after all protected cell liabilities  
10 have been extinguished or provided for in accordance with the plan  
11 of operation relating to that protected cell.

12       B. When an obligation of a protected cell company to a person  
13 arises from a transaction, or is imposed, in respect of a protected  
14 cell:

15       1. That obligation of the protected cell company shall extend  
16 only to the protected cell assets attributable to that protected  
17 cell, and the person shall, with respect to that obligation, be  
18 entitled to have recourse only to the protected cell assets  
19 attributable to that protected cell; and

20       2. That obligation of the company shall not extend to the  
21 protected cell assets of any other protected cell or the assets of  
22 the protected cell company's general account, and that person shall  
23 not, with respect to that obligation, be entitled to have recourse  
24

1 to the protected cell assets of any other protected cell or the  
2 assets of the protected cell company's general account.

3 C. When an obligation of a protected cell company relates  
4 solely to the general account, the obligation of the protected cell  
5 company shall extend only to, and that creditor shall, with respect  
6 to that obligation, be entitled to have recourse only to, the assets  
7 of the protected cell company's general account.

8 D. Other than with regard to the application of this section,  
9 the activities, assets and obligations relating to a protected cell  
10 are not subject to the provisions of Articles 20A and 20B of Title  
11 36 of the Oklahoma Statutes and neither a protected cell nor a  
12 protected cell company shall be assessed by or be required to  
13 contribute to any guaranty fund or guaranty association in this  
14 state with respect to the activities, assets or obligations of a  
15 protected cell. Nothing in this section shall affect the activities  
16 or obligations of an insurer's general account.

17 E. In no event shall the establishment of one or more protected  
18 cells alone constitute or be deemed to be a fraudulent conveyance,  
19 an intent by the protected cell company to defraud creditors, or the  
20 carrying out of business by the protected cell company for any other  
21 fraudulent purpose.

22 SECTION 7. NEW LAW A new section of law to be codified  
23 in the Oklahoma Statutes as Section 1697 of Title 36, unless there  
24 is created a duplication in numbering, reads as follows:

1           A. Notwithstanding any contrary provision in the Oklahoma  
2 Insurance Code, the rules promulgated under the Oklahoma Insurance  
3 Code or any other applicable law or rule, upon placement under  
4 administrative supervision or upon any order of conservation,  
5 rehabilitation or liquidation of a protected cell company, the  
6 receiver shall be bound to deal with the protected cell company's  
7 assets and liabilities, including protected cell assets and  
8 protected cell liabilities, in accordance with the requirements set  
9 forth in the Protected Cell Companies Act.

10           B. With respect to amounts recoverable under a protected cell  
11 company insurance securitization, the amount recoverable by the  
12 receiver shall not be reduced or diminished as a result of the  
13 placement under administrative supervision or entry of an order of  
14 conservation, rehabilitation or liquidation with respect to the  
15 protected cell company or any of its protected cells,  
16 notwithstanding any provisions to the contrary in the contracts or  
17 other documentation governing the protected cell company insurance  
18 securitization.

19           SECTION 8.           NEW LAW           A new section of law to be codified  
20 in the Oklahoma Statutes as Section 1698 of Title 36, unless there  
21 is created a duplication in numbering, reads as follows:

22           A. If in relation to one or more protected cells of a protected  
23 cell company, the Insurance Commissioner is satisfied that the  
24 protected cell assets attributable to that protected cell are



1 insufficient to discharge the claims of creditors or other claimants  
2 with respect to that protected cell, the Commissioner may place  
3 under administrative supervision or apply for an order of  
4 conservation, rehabilitation or liquidation with respect to that  
5 protected cell. In carrying out the administrative supervision,  
6 conservation, rehabilitation or liquidation of a protected cell, the  
7 receiver shall follow generally the provisions of Articles 1, 6, 18  
8 and 19 of Title 36 of the Oklahoma Statutes, as applicable, and any  
9 rules and regulations promulgated under those articles, except that  
10 at all times the receiver shall be bound to deal with the protected  
11 cell assets and protected cell liabilities in accordance with the  
12 requirements of the Protected Cell Companies Act.

13 B. An order of rehabilitation or conservation shall not be  
14 requested or made with respect to any protected cell of a protected  
15 cell company if a receiver has been appointed to act in respect of a  
16 protected cell company and the Commissioner may still apply for an  
17 order of liquidation with respect to that protected cell. Any prior  
18 order of rehabilitation or conservation with respect to a protected  
19 cell shall cease to be of effect upon an order of rehabilitation  
20 with respect to the protected cell company, without prejudice to the  
21 prior acts of the receiver or its agents.

22 C. An order of rehabilitation, conservation or liquidation  
23 shall not be requested or made with respect to any protected cell of  
24 a protected cell company if a liquidator has been appointed to act

1 in respect of the protected cell company. Any prior order of  
2 rehabilitation, conservation or liquidation with respect to a  
3 protected cell shall cease to be of effect upon an order of  
4 liquidation with respect to the protected cell company, without  
5 prejudice to the prior acts of the receiver or its agent.

6 D. During any period of conservation or rehabilitation, or upon  
7 an order of liquidation, with respect to a protected cell, the  
8 directors of the protected cell company shall cease in respect of  
9 the business of, and the protected cell assets and protected cell  
10 liabilities attributable to, the protected cell which is the subject  
11 of the rehabilitation, conservation or liquidation.

12 E. In the event that a petition for an order of rehabilitation,  
13 conservation or liquidation of a protected cell is challenged, prior  
14 to the entry or denial of the order, the directors of the protected  
15 cell company shall cease in respect of the business of, and the  
16 protected cell assets and protected cell liabilities attributable  
17 to, the protected cell which is the subject of the petition and the  
18 Commissioner shall carry out the business of the protected cell  
19 until the order has been entered or denied. In the event the order  
20 is denied, the Commissioner shall immediately return possession and  
21 control of the protected cell to the directors of the protected cell  
22 company.

23 F. No resolution for the voluntary winding up of a protected  
24 cell company with any protected cell which has been placed under

1 administrative supervision or is the subject of an order of  
2 rehabilitation, conservation or liquidation shall be effective  
3 without permission of the Commissioner and, in the case of  
4 rehabilitation, conservation or liquidation, the court supervising  
5 the rehabilitation, conservation or liquidation.

6 SECTION 9. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 1699 of Title 36, unless there  
8 is created a duplication in numbering, reads as follows:

9 A. With respect to orders of rehabilitation, conservation or  
10 liquidation directed at a protected cell company, the remuneration,  
11 expenses and other compensation of the receiver shall be payable  
12 from the assets of the company's general account, in accordance with  
13 the priority of distribution set forth in Section 1927.1 of Title 36  
14 of the Oklahoma Statutes.

15 B. With respect to orders of rehabilitation, conservation or  
16 liquidation directed at a protected cell company, the remuneration,  
17 expenses and other compensation of the receiver shall be payable  
18 from the protected cell assets attributable to that protected cell.  
19 In the case where more than one protected cell is the subject of the  
20 order, the receiver shall account for remuneration, expenses and  
21 other compensation separately for each protected cell in accordance  
22 with actual time and expenses attributable to the rehabilitation,  
23 conservation or liquidation of each respective protected cell.

24

1 C. With respect to orders of rehabilitation, conservation or  
2 liquidation directed at a protected cell company during a pending  
3 rehabilitation, conservation or liquidation of one or more protected  
4 cells, the remuneration, expenses and other compensation of the  
5 receiver of the protected cells shall be satisfied from the  
6 protected cell assets of the protected cell or cells in accordance  
7 with the provisions of subsection B of this section, and the  
8 remuneration, expenses and other compensation of the receiver of the  
9 protected cell company shall be satisfied from the assets of the  
10 company's general account.

11 SECTION 10. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 1699.1 of Title 36, unless there  
13 is created a duplication in numbering, reads as follows:

14 Any person violating the provisions of the Protected Cell  
15 Companies Act shall be subject to any and all enforcement procedures  
16 either currently employed or subsequently promulgated by the  
17 Insurance Commissioner including, but not limited to, the imposition  
18 of fines, sanctions or civil penalties, or an order to cease and  
19 desist from the establishment of additional protected cells. In no  
20 event shall the Commissioner have the authority to cease the  
21 business of an existing protected cell, except by placement under  
22 administrative supervision or by order of rehabilitation,  
23 conservation or liquidation in accordance with the provisions of  
24 this act.

1 SECTION 11. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 1699.2 of Title 36, unless there  
3 is created a duplication in numbering, reads as follows:

4 A protected cell company insurance securitization shall not be  
5 deemed to be an insurance or reinsurance contract. An investor in a  
6 protected cell company insurance securitization shall not, by sole  
7 means of this investment, be deemed to be transacting an insurance  
8 business in this state. The underwriters or selling agents and  
9 their partners, directors, officers, members, managers, employees,  
10 agents, representatives and advisors involved in a protected cell  
11 company insurance securitization shall not be deemed to be  
12 conducting an insurance or reinsurance agency, brokerage,  
13 intermediary, advisory or consulting business by virtue of their  
14 activities in connection with those businesses.

15 SECTION 12. NEW LAW A new section of law to be codified  
16 in the Oklahoma Statutes as Section 1699.3 of Title 36, unless there  
17 is created a duplication in numbering, reads as follows:

18 The Insurance Commissioner may promulgate reasonable rules as  
19 may be necessary to effectuate the purposes of the Protected Cell  
20 Companies Act.

21 SECTION 13. This act shall become effective November 1, 2019.

22  
23 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated 02/27/2019 - DO  
24 PASS, As Amended and Coauthored.