

## **PLAN OF OPERATION**

### **OKLAHOMA MARKET ASSISTANCE PROGRAM ASSOCIATION (OK-MAP) FOR PROPERTY AND CASUALTY INSURANCE <sup>1</sup>**

#### **SECTION 1. PURPOSE AND AUTHORITY**

The Oklahoma Market Assistance Program Association (OK-MAP) is the mechanism created by Oklahoma statutes to respond to a need to assist insurance buyers in Oklahoma in obtaining difficult to place Personal owner-occupied dwelling lines and owner-occupied dwelling coverages. The purpose of OK-MAP is to attempt to place insureds with members of OK-MAP for coverage.

The participants herein will utilize their best efforts in underwriting and accepting the business submitted to OK-MAP. OK-MAP is created by the voluntary efforts of insurers, but member participation in OK-MAP is mandatory.

The OK-MAP shall operate in conformity with all applicable laws of the State of Oklahoma.

The OK-MAP operates under the auspices of the Department of Insurance of the State of Oklahoma.

#### **SECTION 2. EFFECTIVE DATE OF PLAN AND AMENDMENTS THERETO**

This Plan, as well as any amendments thereto, shall take effect upon written approval of the Board of Directors (hereinafter referred to as the "Commissioner"). This Plan is subject to annual review and approval by the Board of Directors.

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<sup>1</sup> This Plan of Operation was approved by the Executive Committee and the Commissioner at the April \_\_\_\_, 2021 annual meeting. Please discontinue use of previous versions of this Plan of Operation.

**SECTION 3. ELIGIBILITY**

Since the OK-MAP is not an insurer, risks which have an offer of insurance, or have not yet been rejected from markets to which they have applied, are not eligible for assistance through OK-MAP. Those requests for assistance submitted on an approved application form and meeting all of the OK-MAP criteria shall be eligible for servicing by OK-MAP.

An Oklahoma domiciled risk enumerated in Section 5 which has received a declination by the existing insurer group and two additional non-affiliated insurers shall be eligible for OK-MAP consideration.

All risks seeking to obtain coverage through the OK-MAP shall be expected to cooperate by participating in loss control programs.

**SECTION 4. DEFINITIONS**

- A. "Governmental entity" shall mean a county, city, town or school district.
- B. "Owner occupied dwelling" shall mean single-family residences occupied by the owner of such dwelling.
- C. "Member" shall mean all property and casualty insurers licensed in the State of Oklahoma or writing homeowners' or liability insurance in the state required to be a participant in the Association as a condition of doing business in Oklahoma.
- D. "Participation" means Members must quote risks submitted to them pursuant to this Plan of Operation.
- E. "Insurable risk" shall mean any risk for which insurance provided by a member is available.

**SECTION 5. INSURANCE COVERAGES**

The OK-MAP shall assist in the individual placement of the following coverages:

- A. Owner-occupied personal dwellings.

## **SECTION 6. FORMS AND COVERAGES**

Policies offered through the OK-MAP shall provide insurance on forms normally used by members and subject to such limits and terms as members are willing to offer. In no case shall a member be required to provide coverages it does not normally write or is licensed to write in the voluntary market in Oklahoma.

## **SECTION 7. FUNDING AND APPLICATION**

- A.** It is anticipated that the OK-MAP as provided herein will incur various costs and expenses. The Executive Committee shall develop a proposed budget for such costs and expenses as the Executive Committee deems reasonably necessary for the operation of the OK-MAP. Funds for such budget shall be assessed among all licensed property and casualty insurers in a manner deemed appropriate by the Board of Directors. Failure of a member to pay the assessment shall be grounds for disciplinary action by the Insurance Commissioner, including revocation of license, pursuant to Title 36, Section 6422 of the Oklahoma Statutes.
  
- B.** Each application shall be executed by the owner of the dwelling who may be assisted by a licensed Oklahoma agent or broker.

### **SECTION 7.5. EXECUTIVE DIRECTOR**

- A.** The daily activities of OK-MAP shall be managed by an Executive Director. The Executive Director shall be chosen by the Board of Directors annually.
  
- B.** The Executive Director may be an individual, partnership, limited liability partnership, limited liability company, corporation or other entity acceptable to the Board of Directors.

- C. Appointment of the Executive Director shall be at the OK-MAP annual meeting and will continue until the following annual meeting, unless something prevents the Executive Director from completing the term.
- D. To minimize the disruption of service OK-MAP provides, if the Executive Director is unable or unwilling to complete the term, the Executive Committee may appoint an interim replacement, who shall serve until the next scheduled annual meeting of OK-MAP.
- E. The Executive Director shall draft and maintain a written plan of risk assignment to meet the objective of OK-MAP. Such risk assignment plan shall be submitted to the Board of Directors and reviewed annually.
- F. The Executive Director may appoint such assistants as necessary to complete the duties of OK-MAP.
- G. Other duties and responsibilities of the Executive Director are located in Article VI of the By-Laws of OK-MAP.

#### **SECTION 8. BOARD OF DIRECTORS AND COMMITTEES**

The affairs of the Association shall be managed by its Board of Directors. Directors need not be residents of the State of Oklahoma but must be representatives of eight insurer members of the Association, a surplus lines representative and the Insurance Commissioner or his/her representative, all of whom have voting power.

Executive Committee: The OK-MAP shall be managed between annual Board meetings by the Executive Committee which is comprised of the Officers of the Association. The Officers, Chairperson, Vice-Chairperson, Secretary/Treasurer, are elected by and from the Board of Directors. Each Board member may be represented by more than one representative but will be limited to one vote in any business proceedings:

(a) The OK-MAP may also include such other committees and subcommittees as the Executive Committee deems advisable. Such other committees may be created at the discretion of the Executive Committee. -. These Committees are subject to the direction and control of the Executive Committee.

## **SECTION 9. PLAN OF OPERATIONS**

**List of Members.** Each property and casualty insurer admitted to do business in the State of Oklahoma and every eligible surplus lines company shall be notified by the Commissioner of their obligation to participate in the OK-MAP. The Commissioner shall maintain a master list of participants for the OK-MAP. This list shall be forwarded to the Executive Director of the Association on a yearly basis. The Board of Directors shall vote and notify the Executive Director to issue an assessment notice to all participating members when required.

**Executive Committee.** The Executive Committee is responsible for the overall direction of OK-MAP. The Executive Committee shall meet as often as may be required to perform the general duties of administration of the Association, but not less frequently than annually. The Executive Committee shall approve the general form of all letters that would state that the OK-MAP is unable to be of assistance. The Executive Committee shall prepare a monthly status report to be submitted to the Commissioner and to members. This report shall include a statistical display showing the number of applications received, the disposition of those applications, and the distribution and participation of members to ensure equitable participation in the OK-MAP. The Executive Committee shall have all powers reasonably necessary to administer and direct the management of the OK-MAP.

**A. Disposition of Application.**

1. Upon receipt of an application, it shall be reviewed to determine what assistance the OK-MAP can provide. If the risk is a duplex, condominium or townhouse, or has received any offer of coverage subsequent to the declination by the existing carrier, said risk shall not be eligible for assistance under OK-MAP. If the applicant is eligible for assistance, the assistance may include, but is not limited to, the following:
  - (a) Discussion with the applicant to determine eligibility.
  - (b) Should the applicant qualify for assistance, submission to membership of the Association to determine if any other carrier will accept the applicant.
  - (c) If, after five (5) attempts, the Executive Director is unable to place the risk with an existing member of the Association, the Executive Director shall refer the risk to the Board of Directors for possible coverage. If at that time the Executive Director is unable to find coverage for the risk, the Executive Director shall refer to the Executive Committee for review.
  - (d) Referring the application to members on the list which the Commissioner has submitted to the Executive Committee. The Executive Committee shall assure equitable participation in the OK- MAP;
  - (e) If the risk appears to be uninsurable, referring the risk to the Oklahoma Insurance Commissioner for disposition. f. If at any time the risk declines an offer of coverage by a member of the Association, said risk shall be ineligible for any further assistance from OK-MAP for a period of twelve (12) months. The twelve (12) month period shall be triggered by the date OK-MAP receives notice by the member of the Association of the declination of offer of coverage

**B. Member Action.** Each member shall quote at least one (1) of every five (5) applications submitted to it in a fiscal year. Failure by a member to participate in the OK-MAP application quote process shall be grounds for disciplinary action by the Commissioner, pursuant to Title 36, Section 6422 of the Oklahoma Statutes.

**C. Response by Members:** Members of the Association will advise the OK-MAP management office of their willingness to quote, or their refusal, within ten (10) working days. If the member is quoting, they will then complete the placement of insurance through their designated agent. If the client accepts the offer, the agent must make clear to the client that coverage is not bound nor in force until an application has been approved, accepted, and a policy or binder issued by the member insurer.

**D. Executive Committee Final Disposition.** In accordance with Section 9. B., the Executive Director shall provide the Commissioner and the Board with periodic reports listing those risks which sought, but did not obtain, any coverage through the OK- MAP. The report shall state which members were unwilling or unable to provide coverage of particular risks submitted to them for placement. The report shall also state which risks were successfully placed through OK-MAP. The Executive Director shall also submit any other relevant information in the report requested by the Commissioner to determine the success of OK-MAP.

## **SECTION 10. RATES**

Where applicable, rates for owner-occupied dwelling coverages placed through the OK-MAP shall be subject to the provisions of Title 36 of the Oklahoma Statutes. There shall be no unauthorized surcharges added to a company's otherwise valid rates as a result of placement of coverage through the OK-MAP. Members may use excess consent rate filings, as described in Okla. Admin. Code § 365:15-7-6.

**SECTION 11. DURATION**

The Plan shall initially operate for a period of one year. The OK-MAP shall continue on a year- to- year basis with the Plan submitted to the Board of Directors for approval ten days prior to the OK-MAP annual meeting unless the Commissioner determines that there is no need for the OK-MAP to continue and the Board of Directors agrees to such determination pursuant to a vote stating such. Such reasons shall be set forth in writing.

**SECTION 12. COMMISSIONS**

The rate of commission payable to a producing agent who has been appointed by the accepting insurer shall be the standard commission between the member and agent for the  
· type of business.

**SECTION 13. POLICY CHANGES, ENDORSEMENTS, RENEWALS**

It is the express and sole purpose of the OK-MAP to assist in the initial placement of coverage for those eligible applicants. The OK-MAP shall have no involvement in the continuing insured/agent/member relationships which are performed in the normal course of the insurance market. Any questions, disputes or negotiations concerning subjects such as renewal ownership, renewal commission, claim servicing, policy servicing, and other subjects shall be handled by the parties involved in accordance with the applicable laws of the State of Oklahoma and the commonly accepted business practices of the participating markets.

**SECTION 14. INDUSTRY AWARENESS OF OK-MAP**

The Commissioner or OK-MAP shall provide information to licensed agents and brokers placing property and casualty insurance policies in the State of Oklahoma of the existence and availability of potential coverage through the OK-MAP.



**SECTION 15. OK-MAP ACTIVITY REPORTS**

- A.** The Association shall provide annually with the Insurance Commissioner, a report that summarizes the activities of the Association for the previous year. Such annual report shall include a summary of the lines requested to be written, lines written, applications received, disposition of applications, including policies issued and a summary of assessments and expenses of the Association.
- B.** In addition, the OK-MAP shall keep a written file of all requests received for lines of insurance not currently written by the OK-MAP.

**SECTION 16. FISCAL ARRANGEMENT**

- A.** The Executive Committee shall designate a fiscal agent for the OK-MAP. The Executive Director may be the fiscal agent. The fiscal agent is authorized to receive and hold funds submitted to the OK-MAP and to disburse them upon authorization of the Chairman of the Board of the Association. The funds may be used for the necessary expenses of the Executive Committee, including printing, postage, mailing, telephone, etc., and such other expenses incurred by the OK-MAP as the Executive Committee deems appropriate for payment.
- B.** The fiscal agent shall maintain books and records and all receipts and disbursements and shall submit a monthly financial report to the Executive Committee of the OK-MAP. The Commissioner or any Executive Committee member shall have access to said books and records during normal business hours.

The Executive Director shall maintain a bank account under the name of the “Oklahoma Market Assistance Program Association.” All checks drawn upon account of the OK-MAP

shall bear the signature of the Executive Director, Chairperson or Treasurer.

- A). If expenses from the OK-MAP's operation exceed income, such additional costs shall be prorated on the broadest possible basis as determined by the Executive Committee; the Executive Committee may make additional assessments for adequate funding.

#### **SECTION 17. INDEMNIFICATION**

- A. Any person or member of the OK-MAP Board of Directors or any member of any committee of OK-MAP made or threatened to be made a party to an action, suit, or proceeding, because such person or member served on the Board or committee of the OK-MAP or was an officer or employee of the OK-MAP, shall be indemnified by the OK-MAP against all judgments, fines, amounts paid in settlements, reasonable costs and expenses including attorney's fees and any other liability that may be incurred as a result of such action, or threatened action, suit or proceeding, except as stated in paragraph B of this section.
- B. Such indemnifications shall not be provided in relation to matters as to which such person or member shall be adjudged to have acted in a manner constituting gross negligence, willful malfeasance, dishonesty, or reckless disregard of the responsibilities in the performance of such person's or member's duties or obligations to the OK-MAP. With respect to any criminal actions or proceedings, indemnification shall only be provided when such person or member had reasonable cause to believe that his or her conduct was lawful. Such indemnification shall be provided whether or not such person or member is a member or is holding office or is employed at the time of such action, suit or proceeding and whether or not any such liability is incurred prior to the adoption of this Plan of Operation. Such indemnification shall not be exclusive to other rights

such persons or members may have and shall extend to the successors, heirs, executors or administrators of such person or member. In the event of settlement or other termination of a matter before final adjudication, indemnification shall be provided only if the Executive Committee is advised by independent counsel that the person or member to be indemnified did not, in counsel's opinion, commit such breach of duty.

- C. In each instance in which a question of indemnification arises, entitlement thereto, pursuant to the conditions set forth in subsection (A) of this section, shall be determined by the Executive Committee which shall also determine the time and manner of payment of such indemnification; provided however, that a person or member who or which has been wholly successful, on the merits or otherwise, in the defense of a civil or criminal action, suit or proceeding of the character described in the subsection (A) of this section, shall be entitled to indemnification as authorized in such subsection. Nothing herein shall be deemed to bind a person or member who or which the Executive Committee has determined not to be entitled to indemnification, or to preclude such person or member from asserting the right to such indemnification by legal proceedings. The cost of such indemnification as is herein provided shall be assessed among all licensed property and casualty insurer members of OK-MAP including any costs reasonably incurred by OK-MAP for liability insurance obtained for management, the Board and committee members and participating companies of OK-MAP.

## **SECTION 18. AMENDMENTS**

The OK-MAP Plan of Operation may be amended, altered, repealed or revised at any meeting of the Board or Executive Committee, subject to approval by the Commissioner.

This Plan of Operation was last amended on the \_\_\_\_ day of \_\_\_\_\_, 2021.