

**FILED**

APR 07 2026

**BEFORE THE INSURANCE COMMISSIONER OF THE  
STATE OF OKLAHOMA**

**INSURANCE COMMISSIONER  
OKLAHOMA**

Case No. 26-0215-COR

**IN RE: Request by BOB SULLIVAN, an )  
Oklahoma resident, for a hearing )  
pursuant to 36 O.S. § 984 )**

**ORDER**

The State of Oklahoma, ex rel. Glen Mulready, Insurance Commissioner, having fully reviewed the correspondence from Mr. Sullivan and comprehensive data relating to the current Oklahoma homeowners' insurance market, finds and orders as follows:

**JURISDICTION AND APPLICABLE LAW**

1. Glen Mulready is the Insurance Commissioner of the State of Oklahoma ("Commissioner") and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 *et seq.*

2. In particular, the Insurance Commissioner has jurisdiction over the Property and Casualty Competitive Loss Cost Rating Act, 36 O.S. §§ 981 – 999, which regulates the use and filing of homeowners insurance rates for the State of Oklahoma.

3. Pursuant to 36 O.S. § 985(A)(1), "No rate in a competitive market may be determined to be excessive. A rate in a noncompetitive market may be determined to be excessive if it is likely to produce a profit that is unreasonably high for the insurance provided."

4. Pursuant to 36 O.S. § 984(A), "A competitive market is presumed to exist for a line of insurance unless the Commissioner, after a hearing, issues an order stating that a reasonable degree of competition does not exist in the market. The burden of proof in any hearing shall be placed on the party or parties advocating the position that competition does not exist. Any ruling that a market is not competitive shall identify the factors causing the market not to be competitive...."

Any such ruling may be challenged and appealed to the Oklahoma County District Court. 36 O.S. § 984(B)(3).

5. “In determining whether a reasonable degree of competition exists within a line of insurance, the Commissioner shall consider the following factors:

- a. the number of insurers actively engaged in writing coverage,
- b. market shares of the leading writers and the changes in market shares over a reasonable period of time,
- c. existence of financial or economic barriers that could prevent new firms from entering the market,
- d. measures of market concentration and changes of market concentration over time,
- e. whether long-term profitability for insurers in the market is reasonable in relation to industries of comparable business risk, and
- f. the relationship of insurers’ costs to revenue over a reasonable period of time.”

36 O.S. § 984(B)(1).

6. No other statute provides any definition or other criteria for measuring and determining whether an insurance market is competitive or noncompetitive.

7. OAC 365:1-7-1(a) states:

The Insurance Commissioner may hold hearings on any matters within his/her jurisdiction under the Insurance Code, either upon his/her own motion or upon written demand therefor by any person aggrieved by any act, threatened act, or failure to act of the Insurance Commissioner or by any report, regulation, rule or order of the Insurance Commissioner. The written demand for hearing should specify the grounds to be relied upon as a basis for relief demanded at the hearing.

## FINDINGS OF FACT

8. On or around March 9, 2026, a letter from Bob Sullivan addressed to the Insurance Commissioner was hand-delivered to the Oklahoma Insurance Department, 400 NE 50<sup>th</sup> Street, Oklahoma City, OK 73105. Exhibit 1, Letter from Bob Sullivan (Mar. 9, 2026).

9. The letter formally requests that the Insurance Commissioner hold a hearing pursuant to 36 O.S. § 984 and OAC 365:1-7-1 regarding whether a reasonable degree of competition exists within the Oklahoma homeowners insurance market.

10. As support for the request, the letter references “numerous news stories regarding the cost of homeowners insurance in Oklahoma in recent months,” media reports that Oklahomans pay highest premiums in the country for homeowners insurance, an investigation by the Oklahoma Attorney General into the conduct of insurers providing homeowners’ insurance, and an Order issued by Former Insurance Commissioner John Doak in 2016 relating to earthquake insurance rates.

11. The letter also states Mr. Sullivan represents Oklahoma policyholders who intend to participate as parties to the proceedings but does not name any of those individuals nor explain in what capacity he represents such policyholders.

12. The letter does not include nor cite to any specific supporting evidence, information, or data.

13. The Insurance Commissioner and Oklahoma Insurance Department staff closely monitor and analyze the Oklahoma homeowners insurance market, including its market concentration and rate increases and decreases, through required financial statements and filings, rate filings, market data calls, and other submissions of documents and data. The findings of fact provided herein are based on this data and analysis.

14. On or around September 30, 2025 and October 7, 2025, the Insurance Commissioner

presented at interim studies before the Oklahoma Legislature regarding homeowners insurance rates. Those interim studies also included various presenters representing both insurance companies and consumers.

15. In 2024, around 109 different insurance companies, making up at least fifty-three (53) different group codes, were actively writing homeowners insurance coverage in Oklahoma.

16. No single company—or group of affiliated companies—controls more than 31% of the homeowners insurance market.

17. Well-established economic tools widely accepted by the Department of Justice, the Federal Trade Commission, fellow regulators, and economists evidence that Oklahoma's homeowners insurance market is competitive.

18. The Herfindahl-Hirschman Index, the primary benchmark for measuring market concentration, uses companies' market shares to yield a single score. Markets with scores below 1500 are considered unconcentrated and competitive, while those above 2500 are highly concentrated and non-competitive. Oklahoma's HHI score is 1362. Oklahoma's HHI score has been within a competitive threshold for at least the past five (5) years. See Exhibit 2, Okla. Ins. Dep't, Presentation at September 30, 2025 Legislative Interim Study on Rising Homeowner Insurance Rates, pg. 5; see also Exhibit 3, Insurance Commissioner Glen Mulready, *Economic Indicators Show Oklahoma's Homeowners Insurance Market is Competitive* (Jan. 7, 2026), [https://www.oid.ok.gov/getready1\\_2026/](https://www.oid.ok.gov/getready1_2026/).

19. The CR4, or Four-Firm Concentration Ratio, measures the combined market share of the four largest firms in a given market. Scores 0-40% are considered low concentration. Scores 40-70% are considered medium concentration, and scores 70-100% are considered high concentration. Oklahoma's CR4 score is around 60%. Although less reliable, the CR4 score in combination with

Oklahoma’s HHI score helps confirm the competitiveness of the Oklahoma homeowners insurance market. See id.

20. The following chart shows the combined ratios for companies writing homeowners insurance coverage in Oklahoma from 2020 to 2024. In four (4) out of the five (5) years, the top twenty (20) companies issuing homeowners insurance in Oklahoma on average experienced underwriting losses.

Homeowners Combined Ratios for Writers in Oklahoma		
Year	Average of All Companies	Average of Top 20 Companies
2024	108.11%	101.15%
2023	136.55%	134.78%
2022	78.76%	79.77%
2021	100.97%	106.83%
2020	98.64%	101.80%
S&P Global Market Intelligence	Combined Ratio	
2024	109.80%	
2023	136.00%	
2022	83.30%	
2021	103.20%	
2020	101.90%	

Exhibit 2, Okla. Ins. Dep’t, Presentation at September 30, 2025 Legislative Interim Study on Rising Homeowner Insurance Rates, pg. 6.

21. In 2025, thirty-three (33) rate changes for homeowners insurance products were filed with the OID by the twenty (20) insurance companies holding the largest market shares of homeowners insurance coverage in Oklahoma. Nineteen (19) of these filings included no overall rate impact increases. Two (2) filings were overall rate impact decreases of -0.5 and -6.2. Fourteen (14)

of these filings included overall rate impact increases ranging from 2.6% to 31.9%—with eleven (11) of these filings being between ten percent (10%) to twenty percent (20%) and six (6) being under ten percent (10%). See Okla. Ins. Dep't, SERFF State Rate Change Report – Homeowners (01/01/2025 to 12/31/2025), <https://www.oid.ok.gov/wp-content/uploads/2026/03/2025-HO-SERFF-State-Rate-Change-Report.pdf>. Overall, rate increases for 2025 were substantially less than rate increases filed in previous years and reflect a downward trend.<sup>1</sup>

22. The current Oklahoma homeowners insurance market is not similar to the earthquake insurance market that existed in Oklahoma in 2016 for the following reasons. Although more than one hundred (100) companies were actively writing earthquake insurance coverage around 2015 and 2016, that coverage was mostly add-on coverage to existing homeowners insurance. It is also a catastrophic loss coverage, which is significantly different than homeowners insurance coverage. Audio Recording of May 24, 2016 Hearing, Case No. 16-0391-TRN.

23. The earthquake insurance market experienced a significant shift between 2010 to 2015 with more consumers and less business owners purchasing the coverage by 2015. *Id.* In 2010, direct premiums written in Oklahoma were around \$6.7 million. By 2015, the direct premium amount written was around \$18.8 million. See Exhibit 4, State of Okla., ex rel. John D. Doak to All Licensed Property and Casualty Insurers, et al., Case No. 16-0391-TRN, Notice of Hearing filed (Apr. 18, 2016); see also Exhibit 5, State of Okla., ex rel. John D. Doak to All Licensed Property and Casualty Insurers, et al., Case No. 16-0391-TRN, Order In Re: Earthquake Insurance Rates filed (June 5, 2016). From 2010 to 2015, total premiums written were around \$76.3 million while only around \$4.3 million was paid out in claims—for a pure direct loss ratio of around three percent (3%).

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<sup>1</sup> Rate filings submitted to the Oklahoma Insurance Department are public record upon their effective date and may be viewed electronically by visiting the OID's website at <https://www.oid.ok.gov/regulated-entities/rate-and-form-filing/public-rate-and-form-filings/>.

*Id.* Yet, in 2015, earthquake insurance carriers filed twelve (12) rate increase filings ranging from four percent (4%) to three hundred percent (300%). Audio Recording of May 24, 2016 Hearing, Case No. 16-0391-TRN.

### CONCLUSIONS OF LAW

24. Taking into consideration the factors listed in 36 O.S. § 984(B)(1) and applying the findings of facts provided above, the evidence supports a finding that the Oklahoma homeowners insurance market is competitive and does not support a hearing pursuant to 36 O.S. § 984. Mr. Sullivan has not provided any information or evidence sufficient to establish the burden of proof necessary to overcome the presumption of a competitive market. Nor has Mr. Sullivan established that he or any other consumer has standing under 36 O.S. § 984 and OAC 365:1-7-1.

25. The evidence establishes that the current Oklahoma homeowners insurance market is not similar to the earthquake insurance market that existed in Oklahoma in 2016. The most significant contributing factor to the determination of a noncompetitive market for earthquake insurance in 2016 was the fact that earthquake carriers were seeking rate increases of four percent (4%) to three hundred percent (300%) despite high profitability over the previous five (5) years and only a 3% direct loss ratio. Those facts contrast greatly with the current homeowners market where rate increases filed range from 2.6% to 31.9% and the top twenty (20) homeowners carriers in Oklahoma have overall experienced underwriting losses over the past five (5) years.

### ORDER

**IT IS THEREFORE ORDERED** that Mr. Sullivan's request for a hearing pursuant to 36 O.S. § 984 and OAC 365:1-7-1 is denied. However, the Insurance Commissioner is extremely focused on protecting Oklahoma consumers on this very important issue. The Insurance Commissioner has been actively and diligently working with the legislature to pursue legislation

changes that would offer greater consumer protections in the homeowners insurance market, as well as stabilizing rates, utilizing regulatory measures to assist consumers, investigate, and take enforcement action against homeowners insurance companies that are not in compliance with the law.

WITNESS My Hand and Official Seal this 7 day of April, 2026.



A handwritten signature in black ink, appearing to read "Glen Mulready".

GLEN MULREADY  
INSURANCE COMMISSIONER  
STATE OF OKLAHOMA

**CERTIFICATE OF MAILING**

I, Nicole M. Nash, hereby certify that a true and correct copy of the above and foregoing *Order* was sent by certified mail with postage prepaid and return receipt requested and by email on this 7th day of April, 2026, to:

Bob Sullivan



**CERTIFIED MAIL NO. 9589 0710 5270 2711 7098 80**

Bob Burke  
BURKE LAW FIRM  
512 North Broadway Avenue, Suite 300  
Oklahoma City, OK 73102  
405-802-1495  
bob@bobburkelaw.com

**CERTIFIED MAIL NO. 9589 0710 5270 2711 7098 97**

A handwritten signature in cursive script that reads "Nicole Nash".

\_\_\_\_\_  
Nicole M. Nash

February 24, 2026

Commissioner Glen Mulready

Oklahoma Insurance Department

400 NE 50th St. Oklahoma City, OK 73105

Dear Commissioner Mulready:

There have been numerous news stories regarding the cost of homeowners insurance in Oklahoma in recent months. Media outlets have reported that several studies find that Oklahomans pay the highest premiums in the country for this coverage. In addition, the Oklahoma Attorney General has begun an investigation into the conduct of insurers who provide this coverage.

Your position on this matter has relied on your allegation that competition exists among insurance companies in the market, proscribing your ability to intervene on behalf of Oklahoma insureds, presumably pursuant to 36 O.S. Section 984, which provides, inter alia, "A competitive market is presumed to exist for a line of insurance unless the Commissioner after a hearing, issues an order stating that a reasonable degree of competition does not exist in the market."

I'm attaching an order issued by a former Commissioner John Doak in 2016 relating to earthquake insurance rates. After a hearing to determine whether competition existed in that marketplace, Doak determined that despite 119 insurers writing earthquake coverage, the four largest writers market share "exceeded 50% at all times for the six years preceding December 31, 2015." His order found that a reasonable degree of competition did not exist, and that earthquake insurance was a noncompetitive line of insurance.

Commissioner Doak's finding is based on market share data eerily similar to that which exists in Oklahoma today in which four major players control over half the homeowners' insurance market. In addition, Doak made his finding of no competition with 119 insurers writing earthquake insurance. Oklahoma has less than 100 companies writing homeowners insurance.

I am formally requesting you hold a hearing pursuant to 36 O.S. Section 984 and OAC 365:1-7-1. I represent Oklahoma policy holders who intend to participate as a party to this proceeding which requires you to consider the following factors:

- "a. the number of insurers actively engaged in writing coverage,
- b. market shares of the leading writers and the changes in market shares over a reasonable period of time,
- c. existence of financial or economic barriers that could prevent new firms from entering the market,



- d. measures of market concentration and changes of market concentration over time,
- e. whether long-term profitability for insurers in the market is reasonable in relation to industries of comparable business risk, and
- f. the relationship of insurers' costs to revenue over a reasonable period of time."

Pursuant to OAC 365:1-7-1(b) you "shall either set down the matter for hearing within thirty (30) days from the receipt of the demand therefor or shall issue a written order denying hearing."

Respectfully,

Bob Sullivan

Candidate for Oklahoma Insurance Commissioner 2026

Bob Sullivan

18566 S Park Pl

Inola, OK 74036

**BOB BURKE**  
512 NORTH BROADWAY AVENUE  
SUITE 300  
OKLAHOMA CITY, OK 73102

RECEIVED  
FRONT DESK

MAR 03 2026

OKLAHOMA INSURANCE DEPT.

Hon. Glen Mulready

\* CARRIE

**BOB BURKE**  
512 NORTH BROADWAY AVENUE  
SUITE 300  
OKLAHOMA CITY, OK 73102

RECEIVED  
FRONT DESK

MAR 04 2026

OKLAHOMA INSURANCE DEPT.

Nicole NASH, Esq.



SEPTEMBER 2025

Glen Mulready – Insurance Commissioner



# State Rate Filings

- Prior Approval – 14
- File and Use – 30
- Use and File – 8
  - No File - 1

# Oklahoma Statutory Reference

## OK 36-984

*B. 1. In determining whether a reasonable degree of competition exists within a line of insurance, the Commissioner shall consider the following factors:*

- a. the number of insurers actively engaged in writing coverage,*
- b. market shares of the leading writers and the changes in market shares over a reasonable period of time,*
- c. existence of financial or economic barriers that could prevent new firms from entering the market,*
- d. measures of market concentration and changes of market concentration over time,*
- e. whether long-term profitability for insurers in the market is reasonable in relation to industries of comparable business risk, and*
- f. the relationship of insurers' costs to revenue over a reasonable period of time.*

*2. All determinations by the Commissioner shall be made on the basis of findings of fact and conclusions of law.*

*3. The ruling may be challenged in the district court.*

## OK 36-985

*A.1. No rate in a competitive market may be determined to be excessive. A rate in a non-competitive market may be determined to be excessive if it is likely to produce a profit that is unreasonably high for the insurance provided.*

## Herfindahl-Hirschman Index (HHI)

*“A measure of the state of firms in relation to the industry they are in and is an indicator of the amount of competition among them.”*

Formula = the sum of the squares of each company’s marketshare.



## DOJ MEASUREMENT

0 – 1500	Unconcentrated Market (Competitive)
1500 – 2500	Moderately Concentrated
2500+	High Concentration (Non-competitive)

## OK HOMEOWNER'S MARKET HHI SCORES

2024	1158
2023	1173
2022	1106
2021	1045
2020	1147

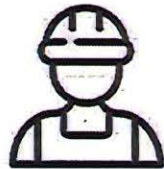
# Combined Loss Ratios

HO LOB Combined Ratios for Writers in Oklahoma		
Year	Industry Average by Market Share	Average of Top 20 Companies
2024	108.11%	101.15%
2023	136.55%	134.78%
2022	78.76%	79.77%
2021	100.97%	106.83%
2020	98.64%	101.80%
S&P Global Market Intelligence		
	Combined Ratio	
2024	109.80%	
2023	136.00%	
2022	83.30%	
2021	103.20%	
2020	101.90%	



# OK READY

STRENGTHEN OKLAHOMA HOMES PROGRAM



**23 Contractors  
4 Evaluators**



**3 Pilot Phases**



**46 homes completed  
and grants paid**



**339  
applications  
in process**



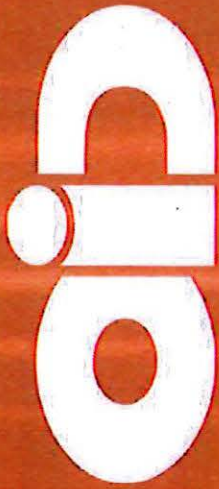
**615  
applications  
available**



**\$446,075.58  
paid out in  
grants**



**On average, Homeowners have saved \$730 on their premiums after fortifying their homes.**



OKLAHOMA  
INSURANCE  
DEPARTMENT



[WWW.OID.OK.GOV](http://WWW.OID.OK.GOV)

Oklahoma Insurance Department | Insurance Commissioner Gen Mulready | 800.522.0071



For Immediate Release:  
January 7, 2026

## Economic Indicators Show Oklahoma's Homeowners Insurance Market Is Competitive

By Oklahoma Insurance Commissioner Glen Mulready

Public discussion about Oklahoma's homeowners insurance market has intensified in recent months, with some critics suggesting the market lacks competition. However, objective, well-established economic tools that are widely accepted by the Department of Justice, Federal Trade Commission, fellow regulators, and economists show that the Oklahoma homeowners insurance market is competitive. This isn't determined by rhetoric or perception, and it doesn't mean that premium costs aren't rising or invalidate homeowners' concerns about affordability, which is my top focus along with legislative leaders.

Two of the most commonly used measures of market concentration are the Herfindahl-Hirschman Index (HHI) and the Four-Firm Concentration Ratio (CR4). These tools provide a clear, data-driven way to assess whether a market is competitive or dominated by a small number of firms.

The Herfindahl-Hirschman Index, the primary benchmark for measuring market concentration, uses companies' market shares to yield a single score. Markets with scores below 1500 are considered unconcentrated and competitive, while those above 2500 are highly concentrated and non-competitive. Oklahoma's HHI score is 1362, indicating its homeowners insurance market is clearly competitive by this standard. Oklahoma's score is below this threshold for at least the past five years. The HHI is relied upon by federal entities when evaluating mergers, acquisitions, and potential antitrust concerns.

Less reliable but often cited is the CR4, or Four-Firm Concentration Ratio, that measures the combined market share of the four largest firms in a given market. Scores 0-40% are considered low concentration. Scores 40-70% are considered medium concentration, and scores 70-100% are considered high concentration. Oklahoma's CR4 score is 60%. Used alongside the HHI, it helps confirm whether competition is robust or limited.

When these objective economic tools are applied to Oklahoma's homeowners insurance market, they show a market characterized by multiple active insurers and meaningful consumer choice. No single company—or small group of companies—controls an outsized share of the market. By the standards used nationally and internationally, this reflects a competitive marketplace.

Based on previous news stories, it is important for consumers to know these facts. Insurance market competition is not decided by individual opinions, but by transparent, repeatable economic analysis using metrics that are universally recognized by regulatory authorities.

As critical discussions about insurance affordability and availability continue, grounding the conversation in objective economic analysis—rather than speculation—will help ensure policy decisions are informed by facts rather than perception.

Media questions or comments should be directed to  
Chief of Communications, Liz Helge



**BEFORE THE INSURANCE COMMISSIONER OF THE  
STATE OF OKLAHOMA**

STATE OF OKLAHOMA, ex rel. )  
JOHN D. DOAK, Insurance )  
Commissioner, )  
To: )  
All Licensed: )  
Property and Casualty Insurers, Rating and )  
Advisory Organizations Re Earthquake )  
Insurance in the State of Oklahoma. )

Case No. 16-0391-TRN

**FILED**

APR 1 2016

INSURANCE COMMISSIONER  
OKLAHOMA

**NOTICE OF HEARING**

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, by and through counsel, Gordon C. Amini, and alleges and states as follows:

**JURISDICTION**

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O. S. §§ 101- 7301.
2. Affected by this Notice are licensed insurers, rating and advisory organizations ("insurers") re earthquake insurance covering property located in the State of Oklahoma.
3. The Property and Casualty Competitive Loss Cost Rating Act (36 O.S. §§ 981-999) ("Rating Act") regulates the filing and use of earthquake insurance rates for the State of Oklahoma.
4. In a competitive market, as defined in § 982 of the Rating Act, insurers are permitted to use insurance rates as long as such rates and supplementary rate information are filed with the Commissioner within thirty (30) days following the effective date of the filing.



December 31, 2015, indicates that approximately 150 companies offer some form of coverage. Almost all such coverages are provided as an add-on to homeowners insurance and very little coverage is available on a "stand-alone" basis. Because of the prevalence of multi-coverage discounts many policyholders have purchased homeowners, auto, boat, ATV, and umbrella liability from the same company. The difficulty in switching carriers to obtain a better price or lower deductible on earthquake coverage, greatly limits the competitiveness of the earthquake line of insurance.

8. Earthquake insurance, like flood insurance, is protection for homes and businesses against catastrophic damage. Without reasonably priced earthquake insurance, many Oklahomans could not afford to rebuild seriously damaged or destroyed property. Before the current trickle of rate increases becomes a flood, the Commissioner has determined to act proactively to protect the greater public interest in maintaining a viable competitive market for earthquake insurance.

9. Information collected from insurance companies demonstrates that 70% of the earthquake insurance, written in Oklahoma, is concentrated in only a few companies.

10. The Commissioner has, just this week, issued a mandatory call to the companies for detailed earthquake claims data. This data will be carefully reviewed to ensure that consumers are treated fairly.

**WHEREFORE**, affected insurers are hereby given notice of a hearing to be held at 8:00 a.m. on the 24<sup>th</sup> day of May 2016, at the Office of the Insurance Commissioner, Five Corporate Plaza, 3625 NW 56<sup>th</sup> St., Oklahoma City, OK 73112. The purpose of the hearing is to determine whether a reasonable degree of competition exists in the Oklahoma market for earthquake insurance. In determining whether a reasonable degree of competition exists, the Commissioner shall consider the following factors:

- a. the number of insurers actively engaged in writing coverage;
- b. market shares of the leading writers and the changes in market shares over a reasonable period of time;
- c. existence of financial or economic barriers that could prevent new firms from entering the market;
- d. measures of market concentration and changes of market concentration over time;
- e. whether long-term profitability for insurers in the market is reasonable in relation to industries of comparable business risk; and,
- f. the relationship of insurers' costs to revenue over a reasonable period of time.

If after hearing, the Commissioner determines that a reasonable degree of competition does not exist, the Commissioner shall issue an order designating earthquake insurance as a noncompetitive line of insurance in the State of Oklahoma.

The proceedings shall be conducted in accordance with the Oklahoma Administrative Procedures Act, 75 O.S. §§ 301-323. The Commissioner or his designee shall conduct the hearing. A recording of the proceedings will be available upon request. The Insurance Department requests that any person desiring to be heard, provide written notice to Gordon C. Amini, General Counsel, prior to May 17, 2016 at 3625 NW 56th St., Suite 100, Oklahoma City, OK 73112

WITNESS My Hand and Official Seal this 15<sup>th</sup> day of April, 2016.



JOHN D. DOAK  
INSURANCE COMMISSIONER  
STATE OF OKLAHOMA

  
Gordon C. Amini, General Counsel  
3625 NW 56<sup>th</sup> St., Suite 100  
Oklahoma City, OK 73112  
(405) 522-6335

**Hearings**

**2016 ALL PROPERTY AND CASUALTY INSURERS, RATING AND ADVISORY ORGANIZATIONS HEARING ON EARTHQUAKE INSURANCE RATE INCREASES IN THE STATE OF OKLAHOMA**

Notice of Hearing Re Earthquake Insurance in the State of Oklahoma

**2004 STATE BOARD FOR PROPERTY AND CASUALTY RATES HEARING ON WORKERS' COMPENSATION LOSS COSTS**

In the matter of the Workers' Compensation Loss Cost Filing By the National Council on Compensation Insurance. File No. 2004-2828C, 04-1041-PRJ; Order and Decision of the Board

SPECIAL MEETING: State Board for Property and Casualty Rates Hearing on Workers' Compensation Loss Costs Scheduled for Thursday, September 23, 2004 at 11:00 am.

August 5, 2004 Scheduling Order in the Matter of the Workers' Compensation Loss Costs Filing by the National Council on Compensation Insurance; File No. 04-1041-PRJ.

**INSURANCE COMMISSIONER'S HEARING ON MEDICAL MALPRACTICE LIABILITY INSURANCE RATES:**

2006

September 28, 2006 Notice of Hearing in the Matter of the Medical Malpractice Professional Liability Rate Filing by Physicians Liability Insurance Company; File No. 06-1541-PRJ.

September 28, 2006 Continuance Order in the Matter of the Medical Malpractice Professional Liability Rate Filing by Physicians Liability Insurance Company; File No. 06-1541-PRJ.

October 3, 2006 Cancellation of Hearing in the Matter of the Medical Malpractice Professional Liability Rate Filing by Physicians Liability Insurance Company; File No. 06-1541-PRJ.

2004

March 26, 2004 Notice of Hearing in the Matter of the Medical Malpractice Professional Liability Rate Filing by The Medical Protective Company; File No. 04-0215-PRJ.

March 18, 2004 Order of Presentation in the Matter of the Medical Malpractice Professional Liability Rate Filing by Medical Protective Company; File No. 04-0215-PRJ.

April 6, 2004 Final Order in the Matter of the Medical Malpractice Professional Liability Rate Filing by Medical Protective Company; File No. 04-0215PRJ.

October 26, 2004 Final Order in the Matter of the Rate Filing by NCMIC Insurance Company; File No. 04-1243-PRJ.

2003

November 21, 2003 Final Order in the Matter of the Medical Malpractice Professional Liability Rate Filing by Physicians Liability Insurance Company; File No. 03-1242PRJ.

November 18, 2003 Notice of Hearing in the Matter of the Medical Malpractice Professional Liability Rate Filing by Physicians Liability Insurance Company; File No. 03-1242 PRJ

November 14, 2003 Order of Presentation in the Matter of the Medical Malpractice Professional Liability Rate Filing by Physicians Liability Insurance Company; File No. 03-1242PRJ.



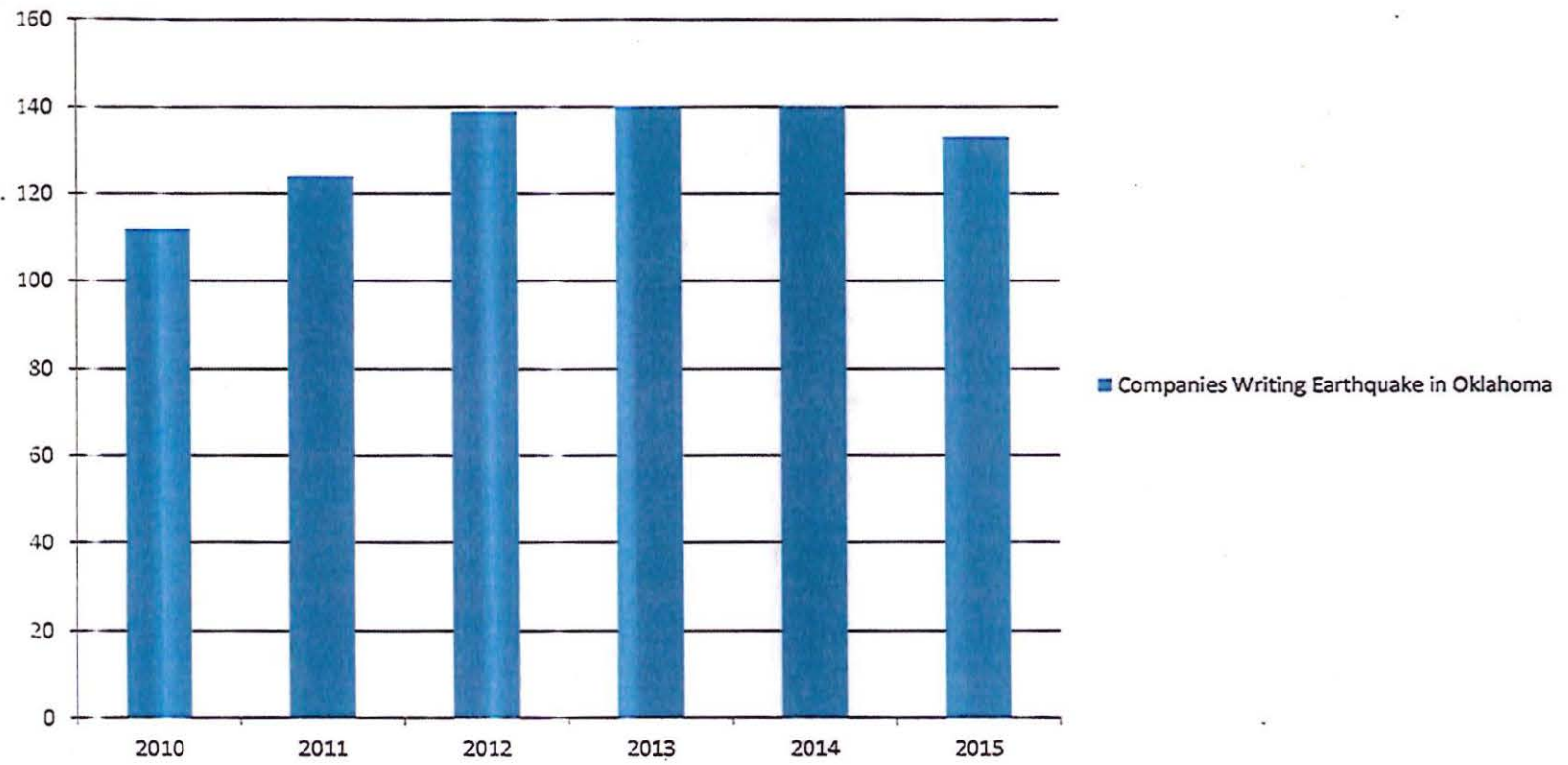
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# Oklahoma Earthquake Claims and Market Share Premium Data

2010 to Present

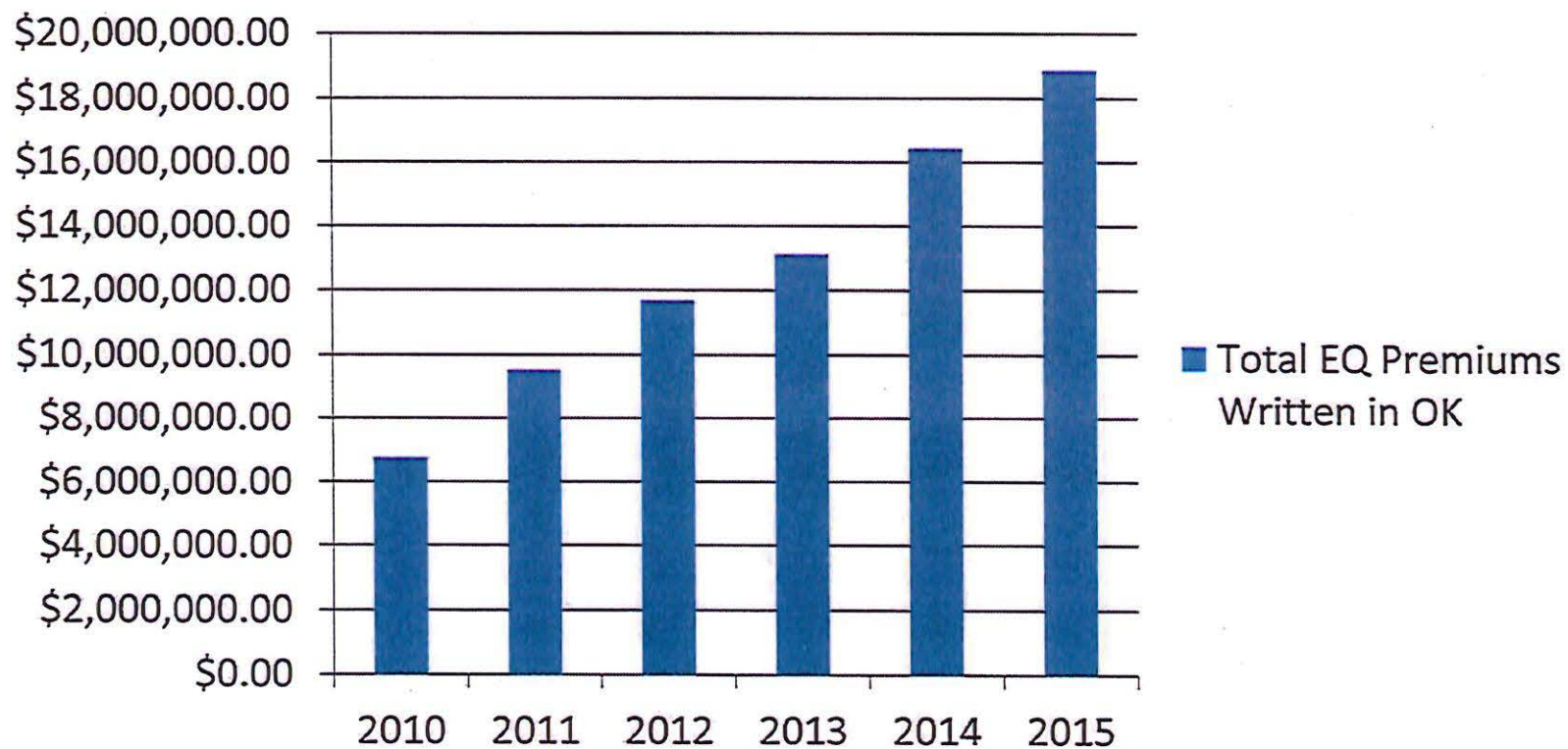


## Companies Writing Earthquake in Oklahoma

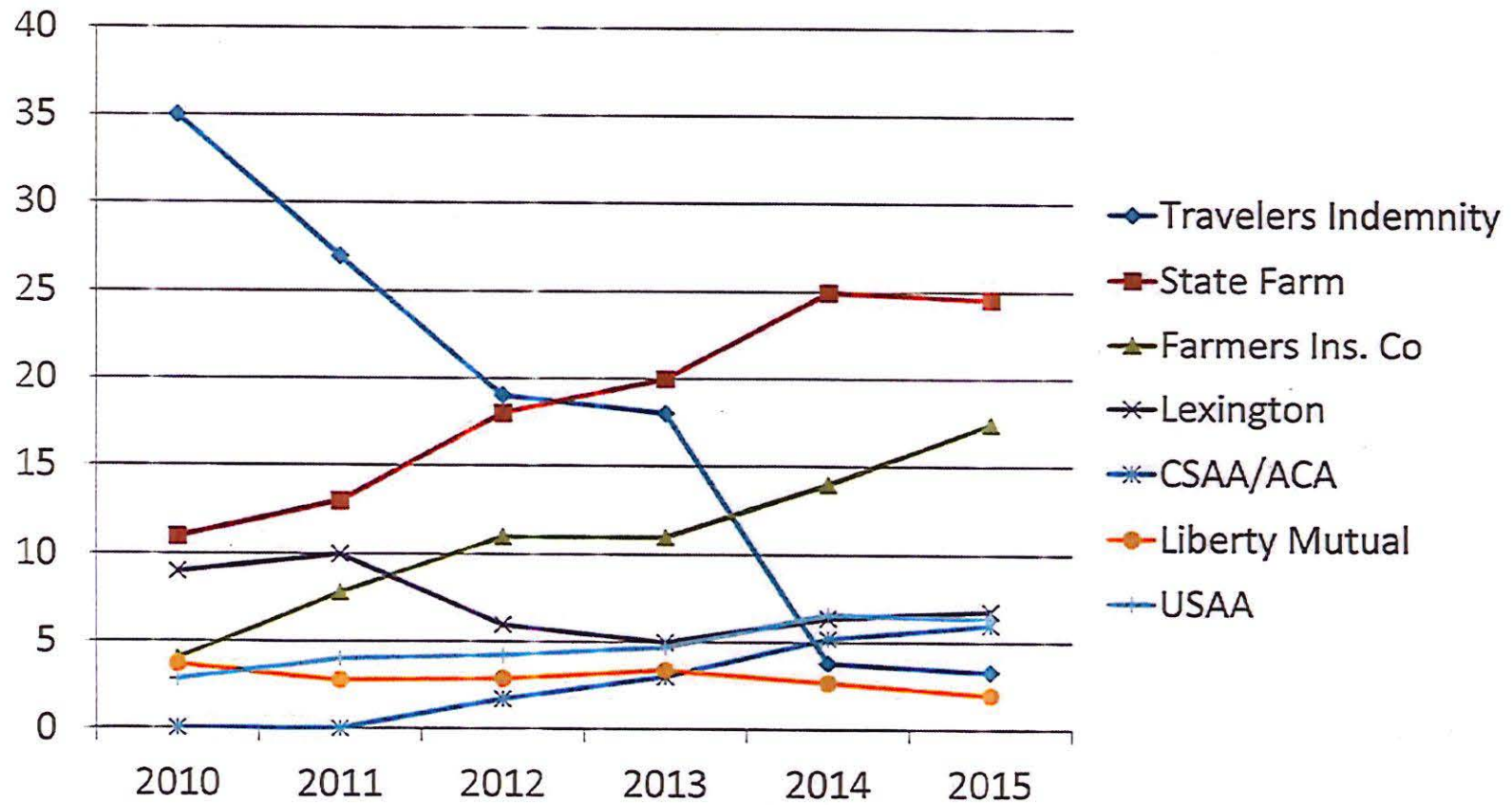


# EQ Premiums in OK 2010 to 2015

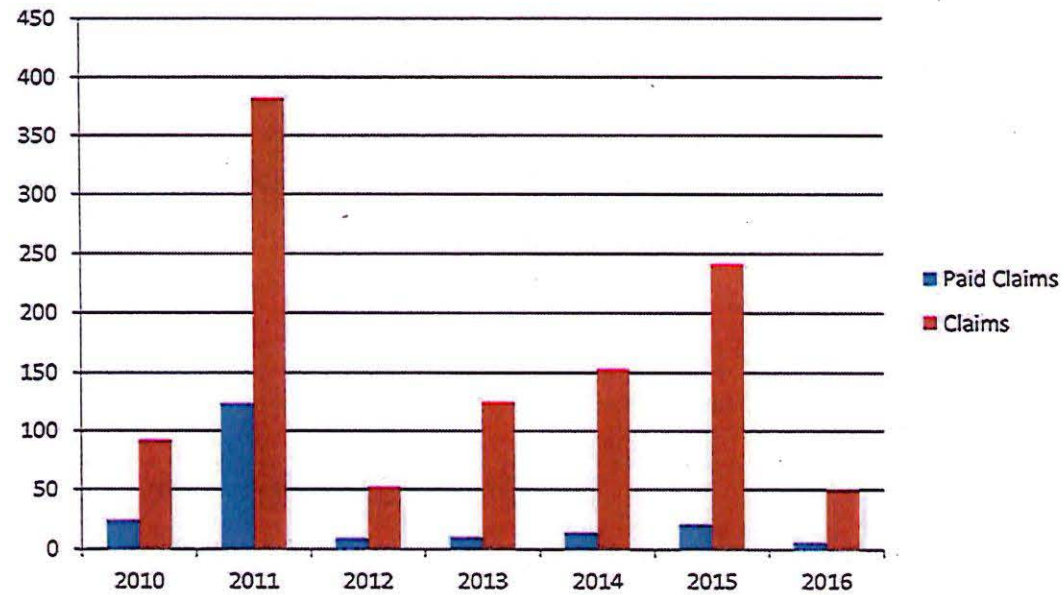
Total EQ Premiums Written in OK



### Consolidation of EQ Premium Market Share into Personal Line Carriers Since 2010

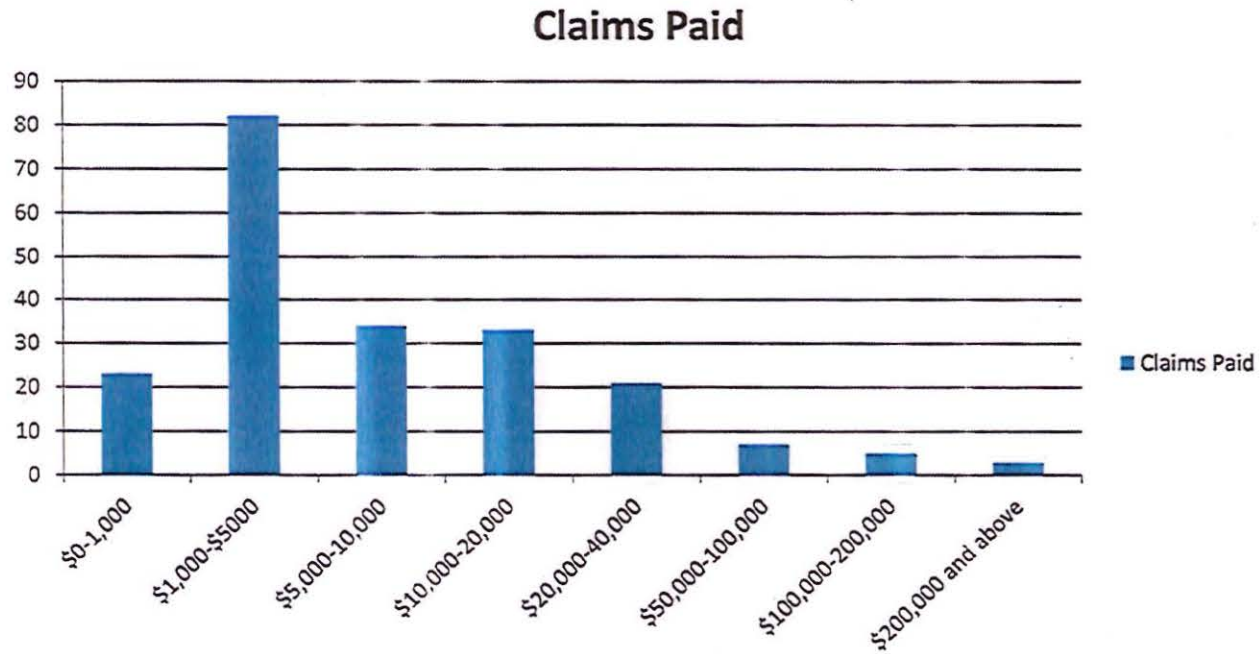


## OK Personal Lines Earthquake Claims 2010 to Present



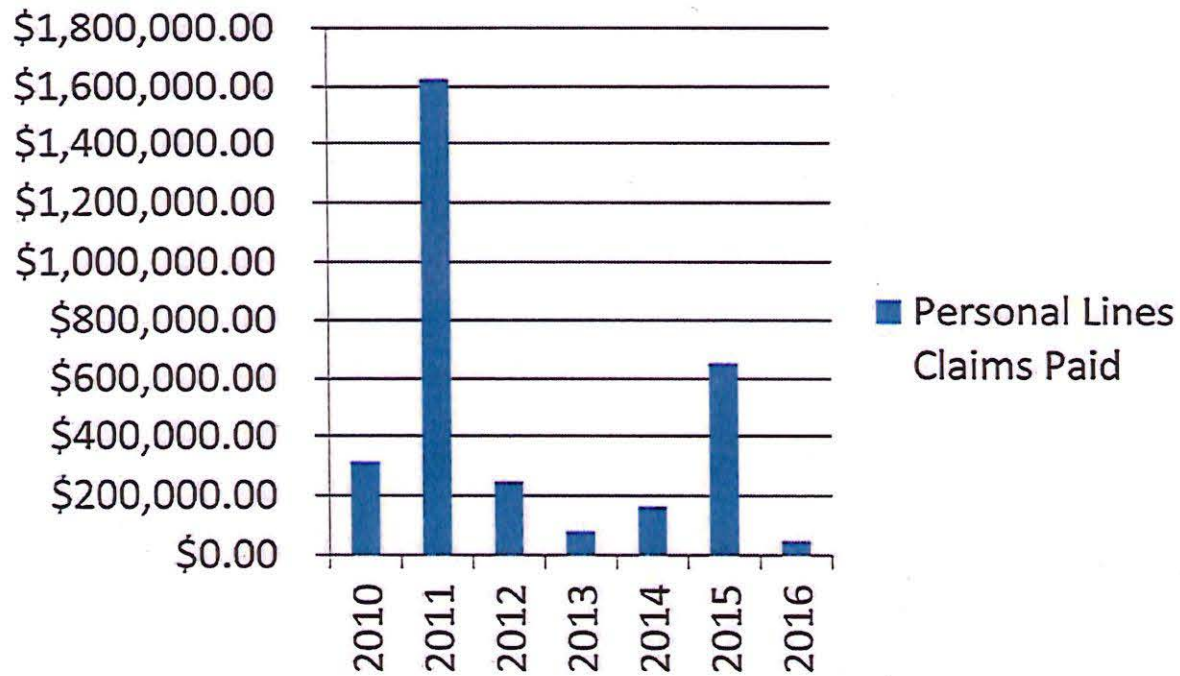
- Out of a total of 1094 claims, only 208 were paid or approximately 19%
- 2011 experienced the most claim activity

## Personal Lines Earthquake Claims Paid

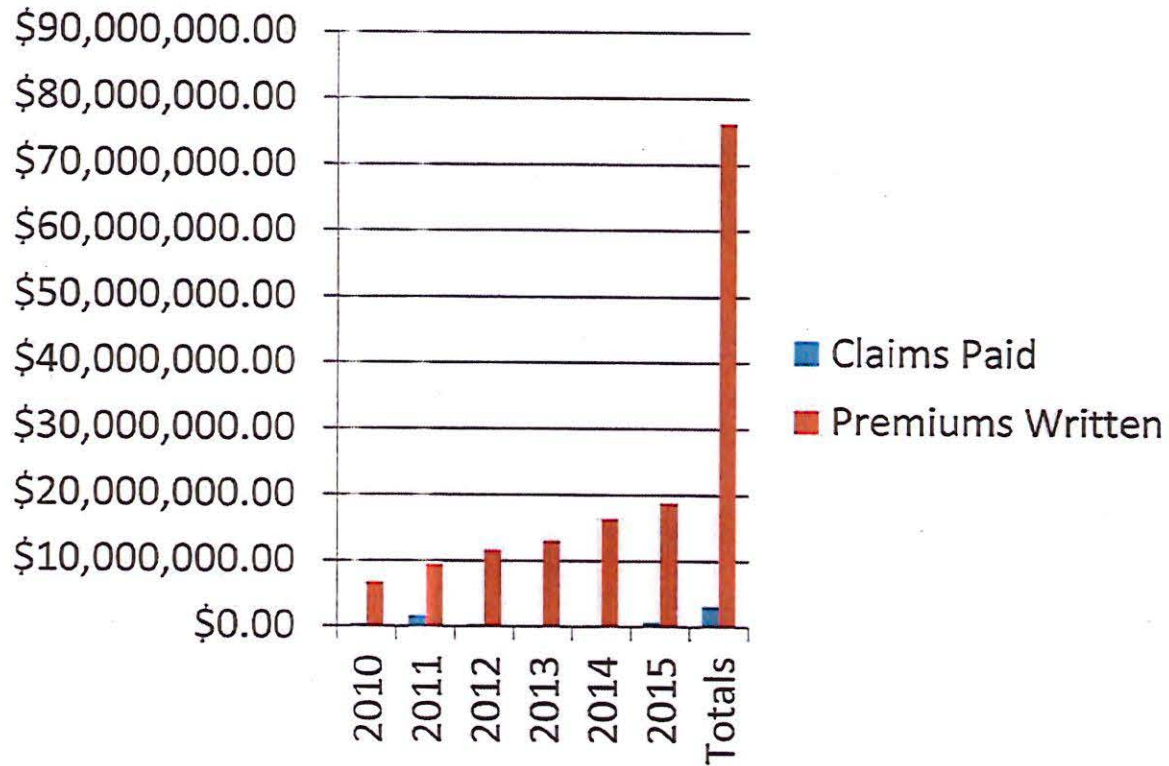


- Approximately half of the 208 paid claims resulted in payments of less than \$5,000

### Personal Lines EQ OK Claims Paid



Top 1% of Highest and Lowest Paid claims removed for statistical relevance



Total Claims Paid 2010 to 2015: \$3,081,406  
 Total Premiums Written 2010 to 2015:  
 \$76,373,494

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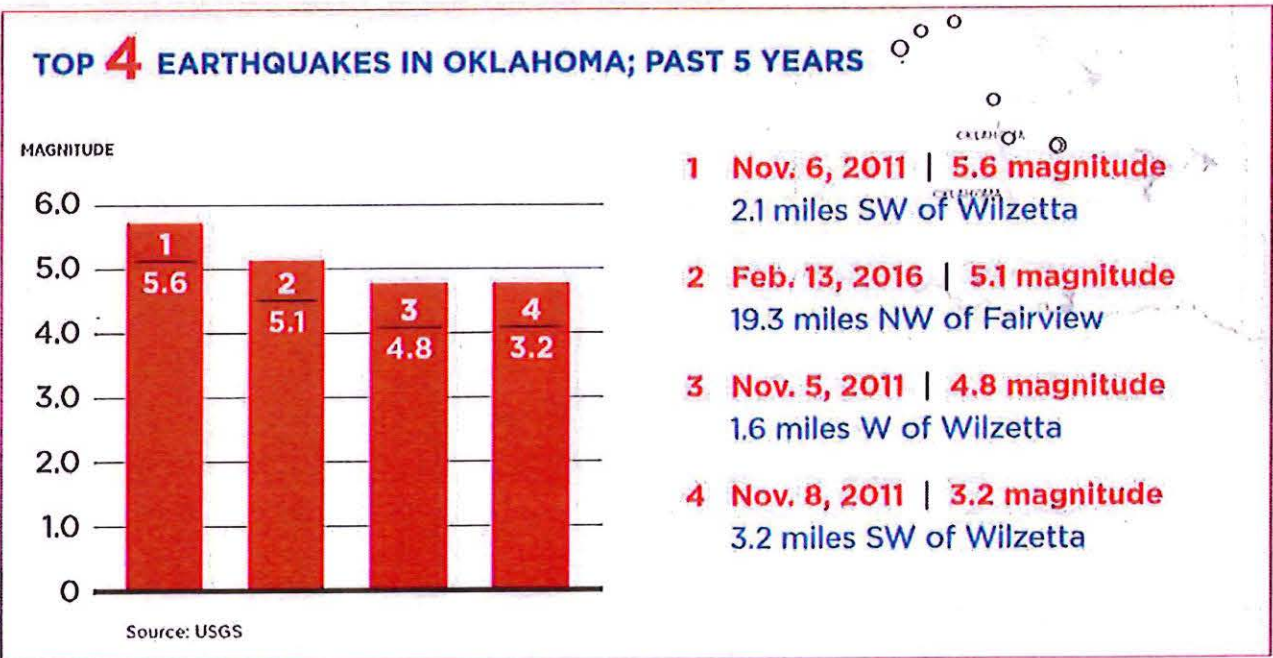
# Key Points

- Claim frequency peaked in 2011
- Market concentration has significantly increased into a handful of personal lines Earthquake carriers
- Current Pure Direct Loss Ratio for all Earthquake Carriers in OK since 2010 is approx. 3%
- Premiums written have far exceeded claims paid
- Paid claims have not shown a trend of severity in OK

# OKLAHOMA EARTHQUAKES

While there are hundreds of earthquakes every year in Oklahoma, they are rarely large enough on the USGS Modified Mercalli Intensity Scale to cause significant property damage.

Oklahoma has had only 2 earthquakes in the past 5 years above 5.0 magnitude, which is the typical threshold for causing property damage according to USGS Modified Mercalli Intensity Scale.



continued on back



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## HOW DO YOU MEASURE THE INTENSITY OF EARTHQUAKES?

The table on the right gives intensities that are typically observed at locations near the epicenter of earthquakes of different magnitudes.

### Abbreviated Modified Mercalli Intensity Scale

**I.** Not felt except by a very few under especially favorable conditions.

**II.** Felt only by a few persons at rest, especially on upper floors of buildings.

**III.** Felt quite noticeably by persons indoors, especially on upper floors of buildings. Many people do not recognize it as an earthquake. Standing motor cars may rock slightly. Vibrations similar to the passing of a truck. Duration estimated.

**IV.** Felt indoors by many, outdoors by few during the day. At night, some awakened. Dishes, windows, doors disturbed; walls make cracking sound. Sensation like heavy truck striking building. Standing motor cars rocked noticeably.

**V.** Felt by nearly everyone; many awakened. Some dishes, windows broken. Unstable objects overturned. Pendulum clocks may stop.

**VI.** Felt by all, many frightened. Some heavy furniture moved; a few instances of fallen plaster. Damage slight.

**VII.** Damage negligible in buildings of good design and construction; slight to moderate in well-built ordinary structures; considerable damage in poorly built or badly designed structures; some chimneys broken.

MAGNITUDE	TYPICAL MAXIMUM MODIFIED MERCALLI INTENSITY
1.0 — 3.0	I
3.0 — 3.9	II — III
4.0 — 4.9	IV — V
5.0 — 5.9	VI — VII
6.0 — 6.9	VII — IX
7.0 and higher	VIII or higher

**VIII.** Damage slight in specially designed structures; considerable damage in ordinary substantial buildings with partial collapse. Damage great in poorly built structures. Fall of chimneys, factory stacks, columns, monuments, walls. Heavy furniture overturned.

**IX.** Damage considerable in specially designed structures; well-designed frame structures thrown out of plumb. Damage great in substantial buildings, with partial collapse. Buildings shifted off foundations.

**X.** Some well-built wooden structures destroyed; most masonry and frame structures destroyed with foundations. Rails bent.

**XI.** Few, if any (masonry) structures remain standing. Bridges destroyed. Rails bent greatly.

**XII.** Damage total. Lines of sight and level are distorted. Objects thrown into the air.

Source: United States Geological Survey's (USGS) Earthquake Hazards Program

BEFORE THE INSURANCE COMMISSIONER OF THE  
STATE OF OKLAHOMA

FILED

STATE OF OKLAHOMA, ex rel. )  
JOHN D. DOAK, Insurance )  
Commissioner, )  
To )  
All Licensed )  
Property and Casualty )  
Insurers Offering Earthquake )  
Insurance in the State of Oklahoma, )  
Advisory Organizations )

JUN 05 2016

INSURANCE COMMISSIONER  
OKLAHOMA

Case No. 16-0391-TRN

ORDER IN RE: EARTHQUAKE INSURANCE RATES

JURISDICTION

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O. S. §§ 101- 7301.
2. Effected by this Order are licensed insurers (“insurers”) offering earthquake insurance covering property located in the State of Oklahoma.
3. The Insurance Commissioner is responsible for enforcing the provisions of the Insurance Code.
4. The Competitive Loss Cost Rating Act (36 O.S. §§ 981-999) (“Rating Act”) regulates the filing and use of earthquake insurance rates the State of Oklahoma.
5. In a competitive market, as defined in § 982 of the Rating Act, insurers are permitted to use insurance rates as long as such rates and supplementary rate information are filed with the Commissioner within thirty (30) days following the effective date of the filing.



6. A competitive market is presumed to exist for a line of insurance unless the Commissioner, after a hearing, issues an order stating that a reasonable degree of competition does not exist in the market.

7. On April 19, 2016, notice was given to all property and casualty insurers and advisory organizations of a hearing pursuant to 36 O.S. § 984 (A) would be held at the Oklahoma Insurance Department, 3624 N.W. 56<sup>th</sup> St., Ste. 100, Oklahoma City, OK 73112, at 8:00 a.m. on May 24, 2016.

8. On May 24, 2016, at 8:00 a.m., hearing was convened by the Commissioner at the Oklahoma Insurance Department, 3624 N.W. 56<sup>th</sup> St., Ste. 100, Oklahoma City, OK 73112, at 8:00 a.m. to determine whether the rates for earthquake insurance in Oklahoma were not competitive.

#### **FINDINGS OF FACT**

1. Oklahomans have experienced a high volume of earthquakes 2013, 2014 and 2015.

2. The Commissioner has received many inquiries and statements of concern from the public regarding the cost v. benefit of earthquake insurance.

3. In early 2016, the United States Geological Society released a map that purports to show an increased risk of earthquake damage in central and north central Oklahoma.

4. The Commissioner has recently received several filings by insurers seeking to increase the cost and decrease the availability of earthquake coverage.

5. Insurers making such filings have not substantiated their need for increased rates based on objective criteria, such as adverse experience, increased acquisition expense or cost of reinsurance thereby raising the distinct possibility that such rates are excessive.

6. The number of insurers writing earthquake coverage is 119.

7. The majority of earthquake insurance is written as an endorsement to homeowners insurance policies.

8. The market share of the four largest writers of earthquake insurance carriers has exceeded 50% at all times over the six years preceding December 31, 2015.

9. The concentration of the market and the reticence of consumers to lose "package discounts" constitutes an economic barrier that could prevent new firms from entering the market.

10. The long-term profitability for insurers in the market is evidenced by an average loss ratio over the six years preceding December 31, 2015 of approximately 3% is unreasonable.

11. The relationship of insurers' costs to revenue over the six years preceding December 31, 2015 demonstrates that current rates appear to be excessive.

**ORDER**

**IT IS THEREFORE ORDERED** that based upon the forgoing findings, a reasonable degree of competition does not exist in the market for earthquake insurance, and such insurance is designated as a noncompetitive line of insurance.

WITNESS My Hand and Official Seal this 6th day of June, 2016.



*John D. Doak*

JOHN D. DOAK  
INSURANCE COMMISSIONER  
STATE OF OKLAHOMA

**CERTIFICATE OF MAILING**

I, John D. Doak, hereby certify that a true and correct copy of the above and foregoing Order was mailed by electronic mail, on this 6th day of June 2016, to:

All licensed property and casualty insurers issuing earthquake insurance in the State of Oklahoma.