



Overview

- Oklahoma Insurance Business Transfers (IBTs) can be implemented only after review and approval by both the Oklahoma Insurance Commissioner (the Commissioner) and a court of general jurisdiction (the Court).
- Key Requirement – the transfer will not result in a material adverse impact to policyholders.
- Who advises the Commissioner and Court on the possible impact? The Independent Expert (IE).

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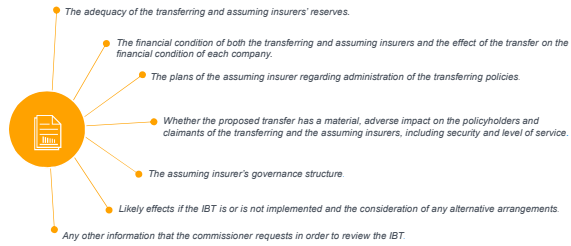
The Independent Expert
Who is an Independent Expert?

- Independent:** The IE has no financial or other relationship with companies directly involved in the IBT.
- Impartial person:** An individual (and not a firm) is selected to provide his or her opinion on the IBT.
- Highly-qualified and unbiased advice:** The IE is expected to provide highly-qualified, unbiased advice regarding the IBT and will help the Commissioner and Court determine the impact on policyholders.
- Selected by the Commissioner:** The IE is selected by the Commissioner from a list of candidates jointly provided by the companies involved in the IBT but, ultimately, the IE works for the Court.

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Independent Expert Report

Each IBT application must include a report authored by the IE which includes analysis of key items such as the following:



Independent Expert Report (cont.)

In sum, the IE must consider the likely effects of the IBT on policyholders and claimants, distinguishing between:

-  Transferring policyholders and claimants
-  Policyholders and claimants of the transferring insurer whose policies will not be transferred
-  Policyholders and claimants of the assuming insurer

Communication Plan

The IE must review the IBT application communication plan, which must include:



Who is the Fairest of Them All?

While not specifically stated in the IBT act, the IE role seems uniquely suited to actuaries for the following reasons:

Critical issues regarding the review and analysis of capitalization, reserve adequacy, and reinsurance are all items within an actuary's training and mandate.



Actuaries have relevant and deep knowledge of the types of business typically involved in run-off, which tend to be difficult exposures such as asbestos, construction defect, and workers' compensation.

Actuaries have experience in working with insurance regulators in financial matters such as the provision of statutory Statements of Actuarial Opinion, Risk Based Capital (RBC) calculations, and Own Risk and Solvency Assessments (ORSA), provided annually.

Actuaries are trained to provide expert opinion and testimony, possessing the ability to communicate technical concepts in an understandable form to audiences such as legislators, members of court, and policyholders.

The IE may also rely on information provided by and the judgment of others.

Future Promise

New laws will likely be tested, challenged and approved before insurers take full advantage of them.

Palpable buzz for IBTs within property-casualty run-off community where there is estimated to be \$350 billion in U.S. liabilities.

Tremendous opportunity for actuaries to offer value in the role of the IE.



Thank you

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