

THE OKLAHOMAN

Oklahoma Supreme Court rules insurer is owed millions



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Published: Fri, June 29, 2018 5:00 AM

An Oklahoma Supreme Court decision entitles one insurance company to more than \$10 million in state rebates, and could cost the state far more in the long run.

CompSource sought nearly \$10.8 million from the Oklahoma Tax Commission in rebates from money previously paid to the state's Multiple Injury Trust Fund. In a related case, the Oklahoma Association of Electric Self Insurers Fund sought about \$138,000. Both entities sought rebates from assessments paid to the Tax Commission in 2015.

Oklahoma's Multiple Injury Trust Fund serves as a risk pool for insurers and self-insured companies across the state. The fund mitigates risk by providing money to Oklahoma workers who previously suffered an injury and who then sustain another injury and are no longer able to work. Instead of their last employer being responsible for the full disability payment, those individuals receive payments from the fund.

Insurers and self-insured companies have received rebates up to two-thirds the amount paid into the fund from the state's general fund. In the case considered by the Oklahoma Supreme Court, CompSource and the Oklahoma Association of Electric Self Insurers Fund sought rebates and interest from the Tax Commission for money they paid into the fund.

The Tax Commission originally denied those requests, saying the statutory authority for the rebates had been repealed by an executive order from Gov. Mary Fallin in 2015.

However, the Oklahoma Supreme Court ruled Tuesday that the rebates authorized by the Legislature had not been repealed.

"The two orders of the Tax Commission are reversed and the proceedings are remanded to the Tax Commission for the appropriate processing," Justice James Edmondson wrote in the decision.

CompSource and the Oklahoma Association of Electric Self Insurers Fund were denied payment of interest on their rebates.

The legal team for the Oklahoma Tax Commission is reviewing the decision and meeting with the tax commissioners to determine a course of action and whether other companies will be owed rebates in the wake of the decision, Tax Commission Spokeswoman Paula Ross said Thursday.

Local attorney Bob Burke estimates the decision could mean the backlog of rebates could cost the state tens of millions more.

“Now, three years of applications have piled up,” Burke said. “Out of the general fund, the state is going to have to pay these insurance carriers and employers in my estimation about \$100 million.”

Supreme Court justices Doug Combs, Yvonne Kauger, James Winchester, Tom Colbert, John Reif and Richard Darby joined Edmondson by concurring with the decision.

Justices Noma Gurich and Patrick Wyrick dissented in the decision, saying companies could pass 100 percent of the fund assessment costs to policyholders while also collecting the rebate.

“Such a handout and absurd result is surely not the outcome intended by our legislature,” Gurich wrote in dissent.

<https://newsok.com/article/5599721/oklahoma-supreme-court-rules-insurer-is-owed-millions>

(Note: CompSource is represented by Robert McCampbell and Travis Jett)