

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 COMMITTEE SUBSTITUTE

4 FOR

5 SENATE BILL NO. 887

6 By: Quinn

7 COMMITTEE SUBSTITUTE

8 An Act relating to insurance; amending 36 O.S. 2011,
9 Section 311.4, as amended by Section 1, Chapter 275,
10 O.S.L. 2014 (36 O.S. Supp. 2020, Section 311.4),
11 which relates to annual statements reporting market
12 conduct data of insurers; authorizing imposition of
13 civil fine; amending 36 O.S. 2011, Section 615.2,
14 which relates to Biographical Affidavits; modifying
15 time frame for Business Character Report; amending 36
16 O.S. 2011, Section 638, which relates to compliance
17 relating to examinations; updating statutory
18 references; requiring insurer using credit
19 information to provide certain exceptions to how
20 credit information is used; specifying exceptions;
21 authorizing insurer to require certain information
22 for granting of exception; declaring insurer in
23 compliance with law in certain situation; construing
24 provision; requiring insurer to provide notice of
exceptions; amending 36 O.S. 2011, Section 996, which
relates to assigned risks; removing prohibition on
disapproval of certain market plans; authorizing the
Oklahoma Automobile Insurance Plan to issue certain
policies; declaring policies as proof of certain
required financial responsibility; providing for
liability; requiring filing of annual audited
financial statement; authorizing Commissioner to
establish necessary rules; amending 36 O.S. 2011,
Section 1116, as amended by Section 18, Chapter 45,
O.S.L. 2012 (36 O.S. Supp. 2020, Section 1116), which
relates to penalties for failure to remit taxes;
removing time limits; specifying application of
certain penalty; amending 36 O.S. 2011, Section 1219,
which relates to claims reimbursement or denial;
modifying time and manner of claim payment or denial;

1 amending 36 O.S. 2011, Section 1250.5, as amended by
2 Section 1, Chapter 105, O.S.L. 2012 (36 O.S. Supp.
3 2020, Section 1250.5), which relates to acts by an
4 insurer constituting unfair claim settlement
5 practices; authorizing certain method of payment;
6 amending 36 O.S. 2011, Section 1250.7, as amended by
7 Section 7, Chapter 95, O.S.L. 2018 (36 O.S. Supp.
8 2020, Section 1250.7), which relates to property and
9 casualty claims; modifying time for notice; amending
10 36 O.S. 2011, Section 1250.8, which relates to motor
11 vehicle total loss or damage claim; providing for
12 electronic payment; amending 36 O.S. 2011, Section
13 1435.20, as last amended by Section 1, Chapter 263,
14 O.S.L. 2019 (36 O.S. Supp. 2020, Section 1435.20),
15 which relates to limited lines producers; updating
16 language; adding type of license limited lines
17 producer may receive; amending 36 O.S. 2011, Section
18 1445, which relates to fiduciary capacity;
19 authorizing electronic payments in certain
20 circumstances; amending 36 O.S. 2011, Section 1450,
21 as amended by Section 6, Chapter 294, O.S.L. 2019 (36
22 O.S. Supp. 2020, Section 1450), which relates to
23 licensing procedure; modifying time for certain
24 notification; requiring background reports by certain
persons; amending 36 O.S. 2011, Sections 2004, 2006,
as amended by Section 1, Chapter 78, O.S.L. 2014,
2007 and 2008 (36 O.S. Supp. 2020, Section 2006),
which relate to the Oklahoma Property and Casualty
Insurance Guaranty Association; modifying definition;
modifying composition of Board of Directors;
modifying obligations of certain insurers; specifying
entity responsible for issuance of certain policies;
adding method of certain notification; authorizing
insurer Board representative to designate alternate
member with duties of insurer; removing authority of
Commissioner to appoint Board members in certain
circumstances; modifying duties of the Association;
removing residency requirement for certain entities;
amending 36 O.S. 2011, Section 2023, as amended by
Section 2, Chapter 384, O.S.L. 2019 (36 O.S. Supp.
2020, Section 2023), which relates to the Oklahoma
Life and Health Insurance Guaranty Association;
clarifying terms; amending 36 O.S. 2011, Section
3101, which relates to definitions; modifying
definition; amending 36 O.S. Supp. 2011, Section
3105, which relates to motor service club agents;
updating language; clarifying persons who may be

1 appointed; removing requirement of certain
2 notification; modifying certain fee for producers;
3 modifying length Commissioner may suspend certain
4 license; amending 36 O.S. 2011, Section 3108, which
5 relates to misrepresentation; updating language;
6 amending 36 O.S. 2011, Section 3639.1, as amended by
7 Section 11, Chapter 44, O.S.L. 2012 (36 O.S. Supp.
8 2020, Section 3639.1), which relates to personal
9 residential insurance; requiring cancellation of
10 personal residential insurance coverage as of date
11 certain; amending 36 O.S. 2011, Sections 4030 and
12 4030.1, which relate to paying premiums for single
13 life policies and payment of proceeds; amending 36
14 O.S. 2011, Section 4055.7, which relates to the
15 Viatical Settlements Act of 2008; amending 36 O.S.
16 Section 4055.9, which relates to viatical
17 settlements; amending 36 O.S. 2011, Section 4103,
18 which relates to schedule of premium rates; deleting
19 exception; amending 36 O.S. 2011, Section 4112, which
20 relates to payment of proceeds; amending 36 O.S.
21 2011, Section 6060.12, as amended by Section 3,
22 Chapter 75, O.S.L. 2020 (36 O.S. Supp. 2020, Section
23 6060.12), which relates to calculation of premium
24 costs; modifying penalty determination; prohibiting
change of name of prepaid funeral benefit permit
holder; requiring Insurance Commissioner approval;
providing for application for change of name;
authorizing waiver of approval requirement;
authorizing denial of change of name application;
providing for issuance of prepaid funeral benefit
permit with new name; authorizing Insurance
Commissioner to prescribe rules; amending 36 O.S.
2011, Section 6216.1, which relates to payment of
claims to public adjuster; amending 36 O.S. 2011,
Section 6217, as last amended by Section 14, Chapter
269, O.S.L. 2013 (36 O.S. Supp. 2020, Section 6217),
which relates to continuing education; eliminating
continuing education advisory committee; defining
term; providing for dormant captive insurance company
to apply for certificate of dormancy; listing
requirements for certain dormant captive insurance
companies; providing exceptions; requiring certain
application prior to issuing insurance policies;
providing for revocation of certificate of dormancy;
providing for examination; authorizing the Insurance
Commissioner to promulgate rules; amending 36 O.S.
2011, Section 6552, which relates to definitions;

1 modifying definition; amending 36 O.S. 2011, Section
2 6753, as amended by Section 38, Chapter 150, O.S.L.
3 2012 (36 O.S. Supp. 2020, Section 6753), which
4 relates to home service contracts; modifying type of
5 authorized financial security deposit; amending 36
6 O.S. 2011, Section 6904, which relates to issuance of
7 certificates; modifying agency responsible for
8 determining certain compliance; removing duty and
9 notification requirements of State Commissioner of
10 Health; modifying time frame for issuance of
11 certificate; amending 36 O.S. 2011, Section 6907,
12 which relates to reasonable standards of quality care
13 and credentialing; modifying applicable agency;
14 amending 36 O.S. 2011, Section 6911, which relates to
15 grievance procedures; modifying responsible agency;
16 amending 36 O.S. 2011, Section 6919, which relates to
17 examination of affairs, programs, books and records;
18 amending 36 O.S. 2011, Section 6920, which relates to
19 suspension or revocation of a certificate of
20 authority; eliminating role of State Commissioner of
21 Health in certain hearings and determinations;
22 modifying conditions in which Commissioner may revoke
23 certain license; amending 36 O.S. 2011, Section 6929,
24 which relates to contracts with qualified persons;
repealing 36 O.S. 2011, Sections 1435.40, as amended
by Section 1, Chapter 23, O.S.L. 2016 (O.S. Supp.
2020, Section 1435.40), 1612.1, 6221, and 6522 which
relate to applicants for licensure, property for
employees, Advisory Board to the Insurance
Commissioner, and the Oklahoma Small Employer Health
Reinsurance Program; providing for codification; and
providing an effective date.

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

SECTION 1. AMENDATORY 36 O.S. 2011, Section 311.4, as
amended by Section 1, Chapter 275, O.S.L. 2014 (36 O.S. Supp. 2020,
Section 311.4), is amended to read as follows:

Section 311.4. A. Insurers authorized to do business under the
provisions of the Oklahoma Insurance Code shall annually file with

1 the Insurance Commissioner market conduct annual statements
2 reporting market conduct data of insurers on the thirty-first day of
3 December of the previous year. The statements shall report on the
4 lines of insurance and be in such general form and context as
5 approved by the National Association of Insurance Commissioners
6 (NAIC), and as supplemented for additional information required by
7 the Insurance Commissioner by rule. The statements shall be
8 prepared in accordance with NAIC instructions, including any
9 supplemental filings described in the NAIC instructions. If no
10 forms or instructions are available from the National Association of
11 Insurance Commissioners, the statements shall be in the form and
12 pursuant to instructions as provided by the Insurance Commissioner.
13 Insurers not authorized by the Insurance Commissioner to provide the
14 lines of insurance approved by the National Association or the
15 Insurance Commissioner shall not be required to file market conduct
16 annual statements. For good cause shown, the Insurance Commissioner
17 may extend the time within which market conduct annual statements
18 may be filed. The Insurance Commissioner may provide copies of
19 market conduct annual statements, amendments, and addendums to such
20 statements and market conduct data taken from such statements to the
21 National Association of Insurance Commissioners only if, prior to
22 sharing of the market conduct annual statements, amendments,
23 addendums to such statements or market conduct data taken from such
24 statements, the National Association of Insurance Commissioners

1 enters into a written agreement with the Insurance Commissioner to
2 maintain the confidentiality of the shared information.

3 B. The Insurance Commissioner may adopt rules implementing this
4 section including rules that:

5 1. Add lines of insurance to be reported in market conduct
6 annual statements; and

7 2. Require the filing of market conduct annual statements and
8 any amendments and addendums to such statements with the National
9 Association of Insurance Commissioners, and the payment of
10 applicable filing fees required by the NAIC.

11 C. Insurers shall pay a filing fee of Two Hundred Dollars
12 (\$200.00) to the Insurance Commissioner for the filing of the market
13 conduct annual statement.

14 D. No waiver of an applicable privilege or claim of
15 confidentiality in the documents, materials, or other information
16 shall occur as a result of disclosure to the Insurance Commissioner
17 or the Commissioner's designee under this section or as a result of
18 sharing the documents, materials or other information as provided in
19 this section.

20 E. Market conduct annual statements and any amendments and
21 addendums to such statements, filed with the Insurance Commissioner
22 pursuant to this section in electronic format or otherwise, shall be
23 treated as working papers and documents as set out in subsection F
24 of Section 309.4 of this title.

1 F. The Insurance Commissioner may use market conduct annual
2 statements or amendments or addendums to such statements to assist
3 in determining whether a market conduct examination or investigation
4 of an insurer should be conducted. For purposes of completing a
5 market conduct examination of any company under Sections 309.1
6 through 309.7 of this title, the Insurance Commissioner may, in the
7 sole discretion of the Insurance Commissioner, use market conduct
8 annual statements or amendments or addendums to such statements to
9 assist in determining compliance with the laws of this state and
10 rules adopted by the Insurance Commissioner.

11 G. For any violation of this section, the Insurance
12 Commissioner may, after notice and opportunity for a hearing,
13 subject an insurer to a civil penalty of up to One Thousand Dollars
14 (\$1,000.00) for each occurrence. Such civil penalty may be enforced
15 in the same manner in which civil judgments may be enforced.

16 SECTION 2. AMENDATORY 36 O.S. 2011, Section 615.2, is
17 amended to read as follows:

18 Section 615.2. All domestic insurers and health maintenance
19 organizations are required to keep biographical information current.
20 Domestic insurers and health maintenance organizations are required
21 to provide Biographical Affidavits within thirty (30) days of any
22 change in officers, directors, key management or any person
23 acquiring ten percent (10%) or more controlling interest in a
24 domestic insurer. The information shall be on the National

1 Association of Insurance Commissioners (NAIC) UCAA Biographical
2 Affidavit Form. The Biographical Affidavit is to be certified by an
3 independent third party acceptable to the Insurance Commissioner
4 that has conducted a comprehensive review of the background of the
5 applicant and has indicated that the Biographical Affidavit has no
6 significantly inaccurate or conflicting information and is accepted
7 as the Business Character Report. As used in this section,
8 "independent third party" is one that has no affiliation with the
9 applicant and is in the business of providing background checks or
10 investigations. The Business Character Report must be current and
11 shall not be older than ~~one (1) year~~ six (6) months.

12 SECTION 3. AMENDATORY 36 O.S. 2011, Section 638, is
13 amended to read as follows:

14 Section 638. Every ~~MEWA~~ Multiple Employer Welfare Arrangement
15 shall comply with Articles 15 through 19 and Sections ~~308~~ 309.1
16 through ~~310~~ 309.7, 311.1 and 619 of ~~Title 36 of the Oklahoma~~
17 ~~Statutes~~ this title which pertain to examinations, deposits and
18 solvency regulation.

19 SECTION 4. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 953.1 of Title 36, unless there
21 is created a duplication in numbering, reads as follows:

22 A. Notwithstanding any other law or regulation, an insurer that
23 uses credit information shall, upon written request from an
24 applicant for insurance coverage or an insured upon a form provided

1 by the Insurance Commissioner, provide reasonable exceptions to the
2 rate of the insurer, rating classifications, company or tier
3 placement or underwriting rules or guidelines for a consumer who has
4 experienced and whose credit information has been directly
5 influenced by any of the following events:

6 1. Catastrophic event declared by the federal or state
7 government;

8 2. Serious illness or injury, or serious illness or injury to
9 an immediate family member;

10 3. Death of an immediate family member;

11 4. Divorce or involuntary interruption of legally owed alimony
12 or support payments;

13 5. Identity theft;

14 6. Temporary loss of employment for a period of three (3)
15 months or more, if it results from involuntary termination;

16 7. Military deployment overseas; and

17 8. Other events, as determined by the Insurance Commissioner.

18 B. If an applicant or insured submits a request for an
19 exception as provided in subsection A of this section, an insurer
20 may, in its sole discretion:

21 1. Require the consumer to provide reasonable written and
22 independently verifiable documentation of the event;

23

24

1 2. Require the consumer to demonstrate that the event had
2 direct and meaningful impact on the credit information of the
3 consumer;

4 3. Require the request be made no more than sixty (60) days
5 from the date of the application for insurance or the policy
6 renewal;

7 4. Grant an exception despite the consumer not providing the
8 initial request for an exception in writing; or

9 5. Grant an exception to requiring a written request where the
10 consumer asks for a consideration of repeated events or the insurer
11 has considered this event previously.

12 C. An insurer is in compliance with any other provision of law
13 or Insurance Department rule relating to underwriting, rating or
14 rate filing notwithstanding the granting an exception under this
15 section. Nothing in this section shall be construed to provide a
16 consumer or other insured with a cause of action that does not exist
17 in the absence of this section.

18 D. The insurer shall provide notice to consumers, either at the
19 time of acceptance of an insurance application or at policy renewal,
20 that reasonable exceptions are available and information about how
21 the consumer may inquire further.

22 SECTION 5. AMENDATORY 36 O.S. 2011, Section 996, is
23 amended to read as follows:

1 Section 996. Assigned Risks. A. Agreements may be made among
2 insurers with respect to the equitable apportionment among them of
3 costs for insurance which may be afforded applicants who are in good
4 faith entitled to, but who are unable to procure, such insurance
5 through ordinary methods, and such insurers may agree among
6 themselves on the use of reasonable rate modifications for such
7 insurance, such agreements and rate modifications to be subject to
8 the approval of the Insurance Commissioner. ~~Nothing in the Property~~
9 ~~and Casualty Competitive Loss Cost Rating Act shall permit~~
10 ~~disapproval of a residual market plan permitting an insurer to elect~~
11 ~~voluntary direct assignment.~~

12 B. The Oklahoma Automobile Insurance Plan is authorized to
13 issue policies of insurance in the name of the plan for the
14 applicants described in subsection A of this section and to act on
15 behalf of all participating members in connection with the policies.
16 The policies shall be considered proof of financial responsibility
17 in accordance with Section 7-600 of the Highway Safety Code.

18 C. The participating members shall be liable to the plan for
19 all costs, expenses and liabilities in proportion to its share of
20 voluntary market premium for the types of policies written under the
21 plan in this state.

22 D. The plan shall file an annual audited financial statement
23 with the Commissioner.

24

1 E. The Commissioner is authorized to establish rules and
2 regulations required to implement the purposes of this section.

3 SECTION 6. AMENDATORY 36 O.S. 2011, Section 1116, as
4 amended by Section 18, Chapter 45, O.S.L. 2012 (36 O.S. Supp. 2020,
5 Section 1116), is amended to read as follows:

6 Section 1116. A. Any surplus lines licensee or broker who
7 fails to remit the surplus line tax provided for by Section 1115 of
8 this title ~~for more than sixty (60) days after it is due~~ shall be
9 liable for a civil penalty ~~of~~ not to exceed Twenty-five Dollars
10 (\$25.00) for each ~~additional~~ day of delinquency, per policy. The
11 Insurance Commissioner shall collect the tax by distraint and shall
12 recover the penalty by an action in the name of the State of
13 Oklahoma. The Commissioner may request the Attorney General to
14 appear in the name of the state by relation of the Commissioner.

15 B. If any person, association or legal entity procuring or
16 accepting any insurance coverage from a surplus lines insurer where
17 Oklahoma is the home state of the insured, otherwise than through a
18 surplus lines licensee or broker, fails to remit the surplus line
19 tax provided for by Section 1115 of this title, the person,
20 association or legal entity shall, in addition to the tax, be liable
21 to a civil penalty in an amount equal to one percent (1%) of the
22 premiums paid or agreed to be paid for the policy or policies of
23 insurance for each calendar month of delinquency or a civil penalty
24 in the amount of Twenty-five Dollars (\$25.00) whichever shall be the

1 greater. The Insurance Commissioner shall collect the tax by
2 distraint and shall recover the civil penalty in an action in the
3 name of the State of Oklahoma. The Commissioner may request the
4 Attorney General to appear in the name of the state by relation of
5 the Commissioner.

6 SECTION 7. AMENDATORY 36 O.S. 2011, Section 1219, is
7 amended to read as follows:

8 Section 1219. A. In the administration, servicing, or
9 processing of any accident and health insurance policy, every
10 insurer shall reimburse all clean claims of an insured, an assignee
11 of the insured, or a health care provider within forty-five (45)
12 calendar days after receipt of ~~the~~ a paper claim and thirty (30)
13 calendar days after receipt of an electronic claim by the insurer.

14 B. As used in this section:

15 1. "Accident and health insurance policy" or "policy" means any
16 policy, certificate, contract, agreement or other instrument that
17 provides accident and health insurance, as defined in Section 703 of
18 this title, to any person in this state, and any subscriber
19 certificate or any evidence of coverage issued by a health
20 maintenance organization to any person in this state;

21 2. "Clean claim" means a claim that has no defect or
22 impropriety, including a lack of any required substantiating
23 documentation, or particular circumstance requiring special
24 treatment that impedes prompt payment; and

1 3. "Insurer" means any entity that provides an accident and
2 health insurance policy in this state, including, but not limited
3 to, a licensed insurance company, a not-for-profit hospital service
4 and medical indemnity corporation, a health maintenance
5 organization, a fraternal benefit society, a multiple employer
6 welfare arrangement, or any other entity subject to regulation by
7 the Insurance Commissioner.

8 C. If a claim or any portion of a claim is determined to have
9 defects or improprieties, including a lack of any required
10 substantiating documentation, or particular circumstance requiring
11 special treatment, the insured, enrollee or subscriber, assignee of
12 the insured, enrollee or subscriber, and health care provider shall
13 be notified in writing within thirty (30) calendar days after
14 receipt of the claim by the insurer. The written notice shall
15 specify the portion of the claim that is causing a delay in
16 processing and explain any additional information or corrections
17 needed. Failure of an insurer to provide the insured, enrollee or
18 subscriber, assignee of the insured, enrollee or subscriber, and
19 health care provider with the notice shall constitute prima facie
20 evidence that the claim will be paid in accordance with the terms of
21 the policy. Provided, if a claim is not submitted into the system
22 due to a failure to meet basic Electronic Data Interchange (EDI)
23 and/or Health Insurance Portability and Accountability Act (HIPAA)
24 edits, electronic notification of the failure to the submitter shall

1 be deemed compliance with this subsection. Provided further, health
2 maintenance organizations shall not be required to notify the
3 insured, enrollee or subscriber, or assignee of the insured,
4 enrollee or subscriber of any claim defect or impropriety.

5 D. Upon receipt of the additional information or corrections
6 which led to the claim's being delayed and a determination that the
7 information is accurate, an insurer shall either pay or deny the
8 claim or a portion of the claim within forty-five (45) calendar days
9 for a paper claim and thirty (30) calendar days for an electronic
10 claim.

11 E. Payment shall be considered made on:

12 1. The date a draft or other valid instrument which is
13 equivalent to the amount of the payment is placed in the United
14 States mail in a properly addressed, postpaid envelope; or

15 2. If not so posted, the date of delivery.

16 F. An overdue payment shall bear simple interest at the rate of
17 ten percent (10%) per year.

18 G. In the event litigation should ensue based upon such a
19 claim, the prevailing party shall be entitled to recover a
20 reasonable attorney fee to be set by the court and taxed as costs
21 against the party or parties who do not prevail.

22 H. The Insurance Commissioner shall develop a standardized
23 prompt pay form for use by providers in reporting violations of
24 prompt pay requirements. The form shall include a requirement that

1 documentation of the reason for the delay in payment or
2 documentation of proof of payment must be provided within ten (10)
3 days of the filing of the form. The Commissioner shall provide the
4 form to health maintenance organizations and providers.

5 I. The provisions of this section shall not apply to the
6 Oklahoma Life and Health Insurance Guaranty Association or to the
7 Oklahoma Property and Casualty Insurance Guaranty Association.

8 SECTION 8. AMENDATORY 36 O.S. 2011, Section 1250.5, as
9 amended by Section 1, Chapter 105, O.S.L. 2012 (36 O.S. Supp. 2020,
10 Section 1250.5), is amended to read as follows:

11 Section 1250.5. Any of the following acts by an insurer, if
12 committed in violation of Section 1250.3 of this title, constitutes
13 an unfair claim settlement practice exclusive of paragraph 16 of
14 this section which shall be applicable solely to health benefit
15 plans:

16 1. Failing to fully disclose to first party claimants,
17 benefits, coverages, or other provisions of any insurance policy or
18 insurance contract when the benefits, coverages or other provisions
19 are pertinent to a claim;

20 2. Knowingly misrepresenting to claimants pertinent facts or
21 policy provisions relating to coverages at issue;

22 3. Failing to adopt and implement reasonable standards for
23 prompt investigations of claims arising under its insurance policies
24 or insurance contracts;

1 4. Not attempting in good faith to effectuate prompt, fair and
2 equitable settlement of claims submitted in which liability has
3 become reasonably clear;

4 5. Failing to comply with the provisions of Section 1219 of
5 this title;

6 6. Denying a claim for failure to exhibit the property without
7 proof of demand and unfounded refusal by a claimant to do so;

8 7. Except where there is a time limit specified in the policy,
9 making statements, written or otherwise, which require a claimant to
10 give written notice of loss or proof of loss within a specified time
11 limit and which seek to relieve the company of its obligations if
12 the time limit is not complied with unless the failure to comply
13 with the time limit prejudices the rights of an insurer;

14 8. Requesting a claimant to sign a release that extends beyond
15 the subject matter that gave rise to the claim payment;

16 9. Issuing checks ~~or~~, drafts or electronic payment in partial
17 settlement of a loss or claim under a specified coverage which
18 contain language releasing an insurer or its insured from its total
19 liability;

20 10. Denying payment to a claimant on the grounds that services,
21 procedures, or supplies provided by a treating physician or a
22 hospital were not medically necessary unless the health insurer or
23 administrator, as defined in Section 1442 of this title, first
24 obtains an opinion from any provider of health care licensed by law

1 and preceded by a medical examination or claim review, to the effect
2 that the services, procedures or supplies for which payment is being
3 denied were not medically necessary. Upon written request of a
4 claimant, treating physician, or hospital, the opinion shall be set
5 forth in a written report, prepared and signed by the reviewing
6 physician. The report shall detail which specific services,
7 procedures, or supplies were not medically necessary, in the opinion
8 of the reviewing physician, and an explanation of that conclusion.
9 A copy of each report of a reviewing physician shall be mailed by
10 the health insurer, or administrator, postage prepaid, to the
11 claimant, treating physician or hospital requesting same within
12 fifteen (15) days after receipt of the written request. As used in
13 this paragraph, "physician" means a person holding a valid license
14 to practice medicine and surgery, osteopathic medicine, podiatric
15 medicine, dentistry, chiropractic, or optometry, pursuant to the
16 state licensing provisions of Title 59 of the Oklahoma Statutes;

17 11. Compensating a reviewing physician, as defined in paragraph
18 10 of this subsection, on the basis of a percentage of the amount by
19 which a claim is reduced for payment;

20 12. Violating the provisions of the Health Care Fraud
21 Prevention Act;

22 13. Compelling, without just cause, policyholders to institute
23 suits to recover amounts due under its insurance policies or
24 insurance contracts by offering substantially less than the amounts

1 ultimately recovered in suits brought by them, when the
2 policyholders have made claims for amounts reasonably similar to the
3 amounts ultimately recovered;

4 14. Failing to maintain a complete record of all complaints
5 which it has received during the preceding three (3) years or since
6 the date of its last financial examination conducted or accepted by
7 the Commissioner, whichever time is longer. This record shall
8 indicate the total number of complaints, their classification by
9 line of insurance, the nature of each complaint, the disposition of
10 each complaint, and the time it took to process each complaint. For
11 the purposes of this paragraph, "complaint" means any written
12 communication primarily expressing a grievance;

13 15. Requesting a refund of all or a portion of a payment of a
14 claim made to a claimant or health care provider more than twenty-
15 four (24) months after the payment is made. This paragraph shall
16 not apply:

- 17 a. if the payment was made because of fraud committed by
18 the claimant or health care provider, or
- 19 b. if the claimant or health care provider has otherwise
20 agreed to make a refund to the insurer for overpayment
21 of a claim;

22 16. Failing to pay, or requesting a refund of a payment, for
23 health care services covered under the policy if a health benefit
24 plan, or its agent, has provided a preauthorization or

1 precertification and verification of eligibility for those health
2 care services. This paragraph shall not apply if:

- 3 a. the claim or payment was made because of fraud
4 committed by the claimant or health care provider,
- 5 b. the subscriber had a preexisting exclusion under the
6 policy related to the service provided, or
- 7 c. the subscriber or employer failed to pay the
8 applicable premium and all grace periods and
9 extensions of coverage have expired; or

10 17. Denying or refusing to accept an application for life
11 insurance, or refusing to renew, cancel, restrict or otherwise
12 terminate a policy of life insurance, or charge a different rate
13 based upon the lawful travel destination of an applicant or insured
14 as provided in Section 4024 of this title.

15 SECTION 9. AMENDATORY 36 O.S. 2011, Section 1250.7, as
16 amended by Section 7, Chapter 95, O.S.L. 2018 (36 O.S. Supp. 2020,
17 Section 1250.7), is amended to read as follows:

18 Section 1250.7. A. Within sixty (60) days after receipt by a
19 property and casualty insurer of properly executed proofs of loss,
20 the first party claimant shall be advised of the acceptance or
21 denial of the claim by the insurer, or if further investigation is
22 necessary. No property and casualty insurer shall deny a claim
23 because of a specific policy provision, condition, or exclusion
24 unless reference to such provision, condition, or exclusion is

1 included in the denial. A denial shall be given to any claimant in
2 writing, and the claim file of the property and casualty insurer
3 shall contain a copy of the denial. If there is a reasonable basis
4 supported by specific information available for review by the
5 Commissioner that the first party claimant has fraudulently caused
6 or contributed to the loss, a property and casualty insurer shall be
7 relieved from the requirements of this subsection. In the event of
8 a weather-related catastrophe or a major natural disaster, as
9 declared by the Governor, the Insurance Commissioner may extend the
10 deadline imposed under this subsection an additional twenty (20)
11 days.

12 B. If a claim is denied for reasons other than those described
13 in subsection A of this section, and is made by any other means than
14 writing, an appropriate notation shall be made in the claim file of
15 the property and casualty insurer until such time as a written
16 confirmation can be made.

17 C. Every property and casualty insurer shall complete
18 investigation of a claim within sixty (60) days after notification
19 of proof of loss unless such investigation cannot reasonably be
20 completed within such time. If such investigation cannot be
21 completed, or if a property and casualty insurer needs more time to
22 determine whether a claim should be accepted or denied, it shall so
23 notify the claimant within sixty (60) days after receipt of the
24 proofs of loss, giving reasons why more time is needed. If the

1 investigation remains incomplete, a property and casualty insurer
2 shall, within sixty (60) days from the date of the initial
3 notification, send to such claimant a letter setting forth the
4 reasons additional time is needed for investigation. Except for an
5 investigation of possible fraud or arson which is supported by
6 specific information giving a reasonable basis for the
7 investigation, the time for investigation shall not exceed one
8 hundred twenty (120) days after receipt of proof of loss. Provided,
9 in the event of a weather-related catastrophe or a major natural
10 disaster, as declared by the Governor, the Insurance Commissioner
11 may extend this deadline for investigation an additional twenty (20)
12 days.

13 D. Insurers shall not fail to settle first party claims on the
14 basis that responsibility for payment should be assumed by others
15 except as may otherwise be provided by policy provisions.

16 E. Insurers shall not continue or delay negotiations for
17 settlement of a claim directly with a claimant who is neither an
18 attorney nor represented by an attorney, for a length of time which
19 causes the claimant's rights to be affected by a statute of
20 limitations, or a policy or contract time limit, without giving the
21 claimant written notice that the time limit is expiring and may
22 affect the claimant's rights. Such notice shall be given to first
23 party claimants not more than ninety (90) days and not less than
24 thirty (30) days, and to third party claimants not more than ninety

1 (90) days and not less than sixty (60) days, before the date on
2 which such time limit may expire.

3 F. No insurer shall make statements which indicate that the
4 rights of a third party claimant may be impaired if a form or
5 release is not completed within a given period of time unless the
6 statement is given for the purpose of notifying a third party
7 claimant of the provision of a statute of limitations.

8 G. If a lawsuit on the claim is initiated, the time limits
9 provided for in this section shall not apply.

10 SECTION 10. AMENDATORY 36 O.S. 2011, Section 1250.8, is
11 amended to read as follows:

12 Section 1250.8. A. If an insurance policy or insurance
13 contract provides for the adjustment and settlement of first party
14 motor vehicle total losses, on the basis of actual cash value or
15 replacement with another of like kind and quality, one of the
16 following methods shall apply:

17 1. An insurer may elect to offer a replacement motor vehicle
18 which is a specific comparable motor vehicle available to the
19 insured, with all applicable taxes, license fees, and other fees
20 incident to the transfer of evidence of ownership of the motor
21 vehicle paid, at no cost to the insured other than any deductible
22 provided in the policy. The offer and any rejection thereof shall
23 be documented in the claim file; or

24

1 2. An insurer may elect a cash settlement based upon the actual
2 cost, less any deductible provided in the policy, to purchase a
3 comparable motor vehicle, including all applicable taxes, license
4 fees and other fees incident to a transfer of evidence of ownership,
5 or a comparable motor vehicle. Such cost may be determined by:

6 a. the cost of a comparable motor vehicle in the local
7 market area when a comparable motor vehicle is
8 currently or recently available in the prior ninety
9 (90) days in the local market area,

10 b. one of two or more quotations obtained by an insurer
11 from two or more qualified dealers located within the
12 local market area when a comparable motor vehicle is
13 not available in the local market area, or

14 c. the cost of a comparable motor vehicle as quoted in
15 the latest edition of the National Automobile Dealers
16 Association Official Used Car Guide or monthly edition
17 of any other nationally recognized published
18 guidebook.

19 B. If a first party motor vehicle total loss is settled on a
20 basis which deviates from the methods described in subsection A of
21 this section, the deviation shall be supported by documentation
22 giving particulars of the condition of the motor vehicle. Any
23 deductions from such cost, including, but not limited to, deduction
24 for salvage, shall be measurable, discernible, itemized and

1 specified as to dollar amount and shall be appropriate in amount.
2 The basis for such settlement shall be fully explained to a first
3 party claimant.

4 C. If liability for motor vehicle damages is reasonably clear,
5 insurers shall not recommend that third party claimants make claims
6 pursuant to the third party claimants' own policies solely to avoid
7 paying claims pursuant to such insurer's insurance policy or
8 insurance contract.

9 D. Insurers shall not require a claimant to travel unreasonably
10 either to inspect a replacement motor vehicle, obtain a repair
11 estimate or have the motor vehicle repaired at a specific repair
12 shop.

13 E. Insurers shall, upon the request of a claimant, include the
14 deductible of a first party claimant, if any, in subrogation
15 demands. Subrogation recoveries shall be shared on a proportionate
16 basis with a first party claimant, unless the deductible amount has
17 been otherwise recovered. No deduction for expenses shall be made
18 from a deductible recovery unless an outside attorney is retained to
19 collect such recovery. The deduction shall then be made for only a
20 pro rata share of the allocated loss adjustment expense.

21 F. If an insurer prepares an estimate of the cost of automobile
22 repairs, such estimate shall be in an amount for which it reasonably
23 may be expected that the damage can be repaired satisfactorily. An
24 insurer shall give a copy of an estimate to a claimant and may

1 furnish to the claimant the names of one or more conveniently
2 located repair shops, if requested by the claimant.

3 G. If an amount claimed is reduced because of betterment or
4 depreciation, all information for such reduction shall be contained
5 in the claim file. Such deductions shall be itemized and specified
6 as to dollar amount and shall be appropriate for the amount of
7 deductions.

8 H. An insurer or its representative shall not require a
9 claimant to obtain motor vehicle repairs at a specific repair
10 facility. An insurer or its representative shall not require a
11 claimant to obtain motor vehicle glass repair or replacement at a
12 specific motor vehicle glass repair or replacement facility. An
13 insurer shall fully and promptly pay for the cost of the motor
14 vehicle repair services or products, less any applicable deductible
15 amount payable according to the terms of the policy. The claimant
16 shall be furnished an itemized priced statement of repairs by the
17 repair facility at the time of acceptance of the repaired motor
18 vehicle. Unless a cash settlement is made, if a claimant selects a
19 motor vehicle repair or motor vehicle glass repair or replacement
20 facility, the insurer shall provide payment to the facility or
21 claimant based on a competitive price, as established by that
22 insurer through market surveys or by the insured through competitive
23 bids at the insured's option, to determine a fair and reasonable
24

1 market price for similar services. Reasonable deviation from this
2 market price is allowed based on the facts in each case.

3 I. An insurer shall not use as a basis for cash settlement with
4 a first party claimant an amount which is less than the amount which
5 an insurer would pay if repairs were made, other than in total loss
6 situations, unless such amount is agreed to by the insured.

7 J. An insurer shall not force a claimant to execute a full
8 settlement release in order to settle a property damage claim
9 involving a personal injury.

10 K. All payment or satisfaction of a claim for a motor vehicle
11 which has been transferred by title to the insurer shall be paid by
12 check ~~or~~, draft or electronic payment, payable on demand.

13 L. In the event of payment of a total loss to a third party
14 claimant, the insurer shall include any registered lienholder as
15 copayee to the extent of the lienholder's interest.

16 M. As used in this section, "total loss" means that the vehicle
17 repair costs plus the salvage value of the vehicle meets or exceeds
18 the actual cash value of the motor vehicle prior to the loss, as
19 provided in used automobile dealer guidebooks.

20 N. An insurer shall not offer a cash settlement as provided in
21 paragraph 2 of subsection A of this section for the purchase of a
22 comparable motor vehicle and then subsequently sell the motor
23 vehicle which has been determined to be a total loss back to the
24 claimant if the insurer has determined that the repair of the

1 vehicle would not result in the vehicle being restored to operative
2 condition as provided in Section 1111 of Title 47 of the Oklahoma
3 Statutes unless the claimant specifies in writing or via an
4 electronic signature that the claimant understands that the motor
5 vehicle shall be titled as a "junked vehicle".

6 SECTION 11. AMENDATORY 36 O.S. 2011, Section 1435.20, as
7 last amended by Section 1, Chapter 263, O.S.L. 2019 (36 O.S. Supp.
8 2020, Section 1435.20), is amended to read as follows:

9 Section 1435.20. A. A limited lines producer may receive
10 qualification for a license in one or more of the following
11 categories:

12 1. Prepaid legal liability insurance, which means the
13 assumption of an enforceable contractual obligation to provide
14 specified legal services or to reimburse policyholders for specified
15 legal expenses, pursuant to the provisions of a group or individual
16 policy;

17 2. Crop - insurance providing protection against damage to
18 crops from unfavorable weather conditions, fire or lightning, flood,
19 hail, insect infestation, disease or other yield-reducing conditions
20 or perils provided by the private insurance market, or that is
21 subsidized by the Federal Crop Insurance Corporation, including
22 Multi-Peril Crop Insurance;

23 3. Car rental - insurance offered, sold or solicited in
24 connection with and incidental to the rental of rental cars for a

1 period of two (2) years, whether at the rental office or by
2 preselection of coverage in master, corporate, group or individual
3 agreements that:

4 a. is nontransferable,

5 b. applies only to the rental car that is the subject of
6 the rental agreement, and

7 c. is limited to the following kinds of insurance:

8 (1) personal accident insurance for renters and other
9 rental car occupants, for accidental death or
10 dismemberment, and for medical expenses resulting
11 from an accident that occurs with the rental car
12 during the rental period,

13 (2) liability insurance that provides protection to
14 the renters and other authorized drivers of a
15 rental car for liability arising from the
16 operation or use of the rental car during the
17 rental period,

18 (3) personal effects insurance that provides coverage
19 to renters and other vehicle occupants for loss
20 of, or damage to, personal effects in the rental
21 car during the rental period,

22 (4) roadside assistance and emergency sickness
23 protection insurance, or

24

1 (5) any other coverage designated by the Insurance
2 Commissioner.

3 A car rental limited lines license issued to a rental or leasing
4 company shall authorize any employee or authorized representative of
5 the rental or leasing company to sell or offer coverage at each
6 location at which the rental or leasing company operates. Employees
7 or authorized representatives are not required to be individually
8 licensed;

9 4. Credit - credit life, credit disability, credit property,
10 credit unemployment, involuntary unemployment, mortgage life,
11 mortgage guaranty, mortgage disability, guaranteed automobile
12 protection insurance, or any other form of insurance offered in
13 connection with an extension of credit that is limited to partially
14 or wholly extinguishing that credit obligation and that is
15 designated by the Insurance Commissioner as limited line credit
16 insurance;

17 5. Surety - insurance or bond that covers obligations to pay
18 the debts of, or answer for the default of another, including
19 faithlessness in a position of public or private trust. For purpose
20 of limited line licensing, surety does not include surety bail
21 bonds;

22 6. Travel; ~~and~~

23 7. Self-service storage insurance, pursuant to Section ~~2 of~~
24 ~~this act~~ 1435.20a of this title; and

1 8. Motor Service Club limited lines producer, pursuant to
2 Sections 3101 et seq. of this title.

3 B. 1. An insurance producer or limited lines producer may
4 solicit applications for and issue travel accident policies or
5 baggage insurance by means of mechanical vending machines supervised
6 by the insurance producer or limited lines producer only if the
7 Insurance Commissioner shall determine that the form of policy to be
8 sold is reasonably suited for sale and issuance through vending
9 machines, that use of vending machines for the sale of policies
10 would be of convenience to the public, and that the type of vending
11 machine to be used is reasonably suitable and practical for the sale
12 and issuance of policies. Policies so sold do not have to be
13 countersigned.

14 2. The Commissioner shall issue to the insurance agent or
15 limited insurance representative a special vending machine license
16 for each such machine to be used. The license shall specify the
17 name and address of the insurer and licensee, the kind of insurance
18 and type of policy to be sold, and the place where the machine is to
19 be in operation. The license shall expire, be renewable, and be
20 suspended or revoked coincidentally with the insurance agent license
21 or limited representative license of the licensee. The license fee
22 for each vending machine shall be that stated in the provisions of
23 Section 1435.23 of this title. Proof of existence of the license
24

1 shall be displayed on or about each machine in such manner as the
2 Commissioner may reasonably require.

3 SECTION 12. AMENDATORY 36 O.S. 2011, Section 1445, is
4 amended to read as follows:

5 Section 1445. A. All insurance charges or premiums collected
6 by an administrator for an insurer or trust and all return premiums
7 received from the insurer or trust shall be held by the
8 administrator in a fiduciary capacity. These funds shall be
9 immediately remitted to the person entitled to the funds or shall be
10 deposited promptly in a fiduciary bank account established and
11 maintained by the administrator.

12 B. If charges or premiums deposited in a fiduciary account have
13 been collected for more than one insurer or trust, the administrator
14 shall keep records showing the deposits to and withdrawals from the
15 account for each insurer or trust. The administrator, upon request
16 of an insurer or trust, shall furnish copies of the records
17 pertaining to deposits to and withdrawals from the account for that
18 insurer or trust.

19 C. The administrator shall not pay any claim by withdrawals
20 from a fiduciary account unless provisions for said withdrawals are
21 included in the written agreement between the insurer or trust and
22 the administrator. The written agreement shall authorize
23 withdrawals by the administrator from the fiduciary account only
24 for:

- 1 1. remittance to an insurer or trust entitled to a remittance;
2 or
3 2. deposit in an account maintained in the name of an insurer
4 or trust; or
5 3. transfer to and deposit in an account established for
6 payment of claims, as provided for by subsection D of this section;
7 or
8 4. payment to a group policyholder for remittance to the
9 insurer or trust entitled to such remittance; or
10 5. payment of commission, fees, or charges to the
11 administrator; or
12 6. remittance of return premiums to the person entitled to such
13 return premiums.

14 D. All claims paid by the administrator from funds collected on
15 behalf of the insurer or trust shall be paid on drafts ~~or~~, checks or
16 electronic payment authorized by the insurer or trust.

17 SECTION 13. AMENDATORY 36 O.S. 2011, Section 1450, as
18 amended by Section 6, Chapter 294, O.S.L. 2019 (36 O.S. Supp. 2020,
19 Section 1450), is amended to read as follows:

20 Section 1450. A. No person shall act as or present himself or
21 herself to be an administrator, as defined by the provisions of the
22 Third-party Administrator Act, in this state, unless the person
23 holds a valid license as an administrator which is issued by the
24 Insurance Commissioner.

1 B. An administrator shall not be eligible for a nonresident
2 administrator license under this section if the administrator does
3 not hold a home state certificate of authority or license in a state
4 that has adopted the Third-party Administrator Act or that applies
5 substantially similar provisions as are contained in the Third-party
6 Administrator Act to that administrator. If the Third-party
7 Administrator Act in the administrator's home state does not extend
8 to stop-loss insurance, but if the home state otherwise applies
9 substantially similar provisions as are contained in the Third-party
10 Administrator Act to that administrator, then that omission shall
11 not operate to disqualify the administrator from receiving a
12 nonresident administrator license in this state.

13 1. "Home state" means the United States jurisdiction that has
14 adopted the Third-party Administrator Act or a substantially similar
15 law governing third-party administrators and which has been
16 designated by the administrator as its principal regulator. The
17 administrator may designate either its state of incorporation or its
18 principal place of business within the United States if that
19 jurisdiction has adopted the Third-party Administrator Act or a
20 substantially similar law governing third-party administrators. If
21 neither the administrator's state of incorporation nor its principal
22 place of business within the United States has adopted the Third-
23 party Administrator Act or a substantially similar law governing
24 third-party administrators, then the third-party administrator shall

1 designate a United States jurisdiction in which it does business and
2 which has adopted the Third-party Administrator Act or a
3 substantially similar law governing third-party administrators. For
4 purposes of this ~~definition~~ paragraph, "United States jurisdiction"
5 means the District of Columbia or a state or territory of the United
6 States.

7 2. "Nonresident administrator" means a person who is applying
8 for licensure or is licensed in any state other than the
9 administrator's home state.

10 C. In the case of a partnership which has been licensed, each
11 general partner shall be ~~named in the license~~ licensed and shall
12 qualify therefore as though an individual licensee. The
13 Commissioner shall charge a full additional license fee and a
14 separate license shall be issued for each individual so named in
15 such a license. The partnership shall notify the Commissioner
16 within ~~fifteen (15)~~ thirty (30) days if any individual licensed on
17 its behalf has been terminated, or is no longer associated with or
18 employed by the partnership. Any ~~entity or partnership~~ person
19 making application as an administrator or currently licensed as
20 administrators an administrator under the Third-party Administrators
21 Act shall provide a National Association of Insurance Commissioner
22 (NAIC) Biographical Affidavits Affidavit and a comprehensive review
23 of the background report by an independent third-party NAIC-approved
24

1 vendor as required for domestic insurers pursuant to the insurance
2 laws of this state.

3 D. An application for an administrator's license shall be in a
4 form prescribed by the Commissioner and shall be accompanied by a
5 fee of One Hundred Dollars (\$100.00). This fee shall not be
6 refundable if the application is denied or refused for any reason by
7 either the applicant or the Commissioner.

8 E. The administrator's license shall continue in force no
9 longer than twelve (12) months from the original month of issuance.
10 Upon filing a renewal form prescribed by the Commissioner,
11 accompanied by a fee of One Hundred Dollars (\$100.00), the license
12 may be renewed annually for a one-year term. Late application for
13 renewal of a license shall require a fee of double the amount of the
14 original license fee. The administrator shall submit, together with
15 the application for renewal, a list of the names and addresses of
16 the persons with whom the administrator has contracted in accordance
17 with Section 1443 of this title. The Commissioner shall hold this
18 information confidential except as provided in Section 1443 of this
19 title.

20 F. 1. The administrator's license shall be issued or renewed
21 by the Commissioner unless, after notice and opportunity for
22 hearing, the Commissioner determines that the administrator is not
23 competent, trustworthy, or financially responsible, or has had any
24 insurance license denied for cause by any state, has been convicted

1 or has pleaded guilty or nolo contendere to any felony or to a
2 misdemeanor involving moral turpitude or dishonesty.

3 2. The administrator shall report to the Insurance Commissioner
4 any administrative or criminal action taken against the
5 administrator in another jurisdiction or by another governmental
6 agency in this state within thirty (30) calendar days of the final
7 disposition of the matter. This report shall include a copy of the
8 order, consent to order, copy of any payment required as a result of
9 the administrative or criminal action, or other relevant legal
10 documents.

11 3. Any entity making application to the Oklahoma Insurance
12 Department as a third-party administrator (TPA) or within thirty
13 (30) days of a change for a licensed TPA shall provide current
14 National Association of Insurance Commissioners (NAIC) Biographical
15 Affidavits and independent third-party background reports from a
16 NAIC-approved vendor on behalf of all officers, directors and key
17 managerial personnel of the TPA, and individuals with a ten percent
18 (10%) or more beneficial ownership in the TPA and the TPA's ultimate
19 controlling person (affiant) as required for insurers pursuant to
20 the laws of this state.

21 G. After notice and opportunity for hearing, and upon
22 determining that the administrator has violated any of the
23 provisions of the Oklahoma Insurance Code or upon finding reasons
24 for which the issuance or nonrenewal of such license could have been

1 denied, the Commissioner may either suspend or revoke an
2 administrator's license or assess a civil penalty of not more than
3 Five Thousand Dollars (\$5,000.00) for each occurrence. The payment
4 of the penalty may be enforced in the same manner as civil judgments
5 may be enforced.

6 H. Any person who is acting as or presenting himself or herself
7 to be an administrator without a valid license shall be subject,
8 upon conviction, to a fine of not less than One Thousand Dollars
9 (\$1,000.00) nor more than Ten Thousand Dollars (\$10,000.00) for each
10 occurrence. This fine shall be in addition to any other penalties
11 which may be imposed for violations of the Oklahoma Insurance Code
12 or other laws of this state.

13 I. Except as provided for in subsections F and G of this
14 section, any person convicted of violating any provisions of the
15 Third-party Administrator Act shall be guilty of a misdemeanor and
16 shall be subject to a fine of not more than One Thousand Dollars
17 (\$1,000.00).

18 SECTION 14. AMENDATORY 36 O.S. 2011, Section 2004, is
19 amended to read as follows:

20 Section 2004. As used in the Oklahoma Property and Casualty
21 Insurance Guaranty Association Act:

22 1. "Affiliate" means a person who directly or indirectly,
23 through one or more intermediaries, controls, is controlled by, or
24 is under common control with another person on December 31 of the

1 year next preceding the date the insurer becomes an insolvent
2 insurer;

3 2. "Association" means the Oklahoma Property and Casualty
4 Insurance Guaranty Association as created in Section 2005 of this
5 title;

6 3. "Assumed claims transaction" means:

7 a. policy obligations that have been assumed by the
8 insolvent insurer, prior to the entry of a final
9 order of liquidation, pursuant to a plan, approved by
10 a domestic commissioner of the assuming insurer,
11 which transfers the direct policy obligations and
12 future policy renewals from one insurer to another
13 insurer, or

14 b. an assumption reinsurance transaction in which all of
15 the following have occurred:

16 (1) the insolvent insurer assumed, prior to the
17 entry of a final order of liquidation, the claim
18 or policy obligations of another insurer under
19 the claims or policies,

20 (2) the assumption of the claim or policy
21 obligations has been approved, if an approval is
22 required, by the appropriate regulatory
23 authorities, and

24

1 (3) as a result of the assumption, the claim or
2 policy obligations became the direct obligations
3 of the insolvent insurer through novation of the
4 claims or policies;

5 4. "Claimant" means any person instituting a covered claim;
6 provided that no person who is an affiliate of the insolvent insurer
7 may be a claimant;

8 5. "Commissioner" means the Insurance Commissioner of Oklahoma;

9 6. "Control" means the possession, direct or indirect, of the
10 power to direct or cause the direction of the management and
11 policies of a person, whether through the ownership of voting
12 securities, by contract other than a commercial contract for goods
13 or nonmanagement services, or otherwise, unless the power is the
14 result of an official position with or corporate office held by the
15 person. Control shall be presumed to exist if a person, directly or
16 indirectly, owns, controls, holds with the power to vote, or holds
17 proxies representing ten percent (10%) or more of the voting
18 securities of any other person. This presumption may be rebutted by
19 a showing that control does not exist in fact;

20 7. "Covered claim" means:

21 a. an unpaid claim, including one of unearned premiums,
22 submitted by a claimant, which arises out of and is
23 within the coverage and is subject to the applicable
24 limits of an insurance policy to which this act

1 applies, if the insurer becomes an insolvent insurer
2 after the effective date of this act and the policy
3 was issued by the insurer, and:

4 (1) the claimant or insured is a resident of this
5 state at the time of the insured event, provided
6 that for entities other than an individual, the
7 residence of a claimant or insured is the state
8 in which its principal place of business is
9 located at the time of the insured event, or

10 (2) the property from which the claim arises is
11 permanently located in this state,

12 b. "Covered claim" shall not include:

13 (1) any amount awarded as punitive or exemplary
14 damages,

15 (2) any amount sought as a return of premium under
16 any retrospective rating plan,

17 (3) any amount due any reinsurer, insurer, insurance
18 pool, or underwriting association, health
19 maintenance organization, hospital plan
20 corporation, professional health service
21 corporation or self-insurer as subrogation
22 recoveries, reinsurance recoveries, contribution,
23 indemnification or otherwise. No claim for any
24 amount due any reinsurer, insurer, insurance

1 pool, or underwriting association, health
2 maintenance organization, hospital plan
3 corporation, professional health service
4 corporation or self-insurer may be asserted
5 against a person insured under a policy issued by
6 an insolvent insurer other than to the extent the
7 claim exceeds the association obligation
8 limitations set for in Section 2007 of this
9 title,

10 (4) any claims excluded pursuant to Section 15 of
11 this act due to the high net worth of an insured,

12 (5) any first party claims by an insured that is an
13 affiliate of the insolvent company,

14 (6) any fee or other amount relating to goods or
15 services sought by or on behalf of any attorney
16 or other provider of goods and services retained
17 by the insolvent insurer or an insured prior to
18 the date it was determined to be insolvent,

19 (7) any fee or other amount sought by or on behalf of
20 any attorney or other provider of goods and
21 services retained by any insured or claimant in
22 connection with the assertion or prosecution of
23 any claim, covered or otherwise, against the
24 Association,

- 1 (8) any claims for interest, ~~or~~
- 2 (9) any claim filed with the association or a
- 3 liquidator for protection afforded under the
- 4 policy of the insured for incurred-but-not-
- 5 reported losses, or
- 6 (10) notwithstanding any other provision of this act
- 7 or any other law to the contrary, a claim that is
- 8 filed with the association on a date that is
- 9 later than eighteen (18) months after the date of
- 10 the order of liquidation or that is unknown and
- 11 unreported as of said date; provided, however,
- 12 that this shall not include any claim for
- 13 workers' compensation benefits pursuant to Title
- 14 85A of the Oklahoma Statutes and the applicable
- 15 rules of OAC Title 810;

16 8. "Insolvent insurer" means an insurer that is licensed to

17 transact insurance in this state either at the time the policy was

18 issued, when the obligation with respect to the covered claim was

19 assumed under an assumed claims transaction, or when the insured

20 event occurred and against whom a final order of liquidation has

21 been entered after the effective date of this act with a finding of

22 insolvency by a court of competent jurisdiction in the state of

23 domicile of the insurer;

24

1 9. "Insured" means any named insured, any additional insured,
2 any vendor, lessor or any other party identified as an insured under
3 the policy;

4 10. a. "Member insurer" means any person who:

- 5 (1) writes any kind of insurance to which the
6 Oklahoma Property and Casualty Insurance Guaranty
7 Association Act applies pursuant to Section 2003
8 of this title, including the exchange of
9 reciprocal or inter-insurance contracts, and
10 (2) is licensed to transact insurance in this state,
11 except those insurers enumerated in Section 110
12 of this title or those insurers that are
13 otherwise exempted by law or order of the
14 Commissioner.

15 b. An insurer shall cease to be a member insurer
16 effective on the day following the termination or
17 expiration of its license to transact the kinds of
18 insurance to which the Oklahoma Property and Casualty
19 Insurance Guaranty Association Act applies; however,
20 the insurer shall be liable as a member insurer for
21 any and all obligations, including but not limited to
22 obligations for assessments levied after the
23 termination or expiration, which relate to any insurer
24 that becomes an insolvent insurer prior to the

1 termination or expiration of the license of the
2 insurer;

3 11. "Net direct written premiums" means direct gross premiums
4 written in this state on insurance policies to which this act
5 applies, including but not limited to policy and membership fees,
6 less the following amounts:

- 7 a. return premiums,
- 8 b. premiums on policies not taken, and
- 9 c. dividends paid or credited to policyholders on direct
10 business. "Net direct written premiums" does not
11 include premiums on contracts between insurers or
12 reinsurers;

13 12. "Novation" means that the assumed claim or policy
14 obligations became the direct obligations of the insolvent insurer
15 through consent of the policyholder and that thereafter the ceding
16 insurer or entity initially obligated under the claims or policies
17 is released by the policyholder from performing its claim or policy
18 obligations. Consent shall be express and an implied novation shall
19 not be allowed for the purposes, implementation and application of
20 the Oklahoma Property and Casualty Insurance Guaranty Association
21 Act;

22 13. "Person" means the individual or other entities as defined
23 in Section 104 of this title;

1 14. "Receiver" means liquidator, rehabilitator, conservator or
2 ancillary receiver, as the context requires; and

3 15. "Self-insurer" means a person who covers its liability
4 through a qualified individual or group self-insurance program or
5 any other formal program created for the specific purpose of
6 covering liabilities typically covered by insurance.

7 SECTION 15. AMENDATORY 36 O.S. 2011, Section 2006, as
8 amended by Section 1, Chapter 78, O.S.L. 2014 (36 O.S. Supp. 2020,
9 Section 2006), is amended to read as follows:

10 Section 2006. A. The business and functions of the Oklahoma
11 Property and Casualty Insurance Guaranty Association shall be
12 managed and administered by a board of twelve (12) directors
13 composed of ~~two members selected by the American Insurance~~
14 ~~Association who are member insurers; at the expiration of the terms~~
15 ~~of the members selected by the Alliance of American Insurers who are~~
16 ~~serving on November 1, 2014, two members selected by the Property~~
17 ~~and Casualty Insurers Association of America who are member~~
18 ~~insurers; at the expiration of the terms of the members selected by~~
19 ~~the National Association of Independent Insurers who are serving on~~
20 ~~November 1, 2014, two members selected by the National Association~~
21 ~~of Mutual Insurance Companies who are member insurers; two Oklahoma~~
22 ~~domestic insurers who are member insurers; two nonaffiliated foreign~~
23 ~~or alien insurers who are member insurers; two insurance agents who~~
24 ~~shall serve as ex officio members on the board~~ domestic, foreign and

1 alien insurers who are member insurers, including a minimum of two
2 domestic insurers, and two insurance agents who shall serve as ex
3 officio members. In determining candidates to fill the member
4 insurer positions, the board shall consider whether all insurers are
5 fairly represented, including workers' compensation insurers and
6 other property and casualty insurers. One of the ex officio members
7 shall be the Executive Director of the Independent Insurance Agents
8 of Oklahoma, Inc.; the other ex officio member shall be a licensed,
9 resident property and casualty insurance agent chosen by the
10 Governor. Each member of the board of directors shall designate a
11 full-time salaried employee to represent it on the board of
12 directors. Each member except for the ex officio members shall
13 serve for a term of two (2) years. The ex officio member who is
14 appointed by the Governor shall serve at the pleasure of the
15 Governor. Each appointed member insurer representative may
16 designate an alternate representative to represent the insurer at
17 any meeting of the board. Any person serving as an alternate
18 representative shall, while serving, have all the powers and
19 responsibilities of the appointed insurer representative. The
20 members of the board of directors except for the ex officio members
21 shall be subject to approval by the Insurance Commissioner.
22 Vacancies on the board except for the ex officio members shall be
23 filled for the remaining period of the term by a majority vote of
24 the remaining board members, subject to the approval of the

1 Commissioner. ~~If no members are selected and appointed within sixty~~
2 ~~(60) days after the effective date of this act, the Commissioner may~~
3 ~~appoint the initial members of the board of directors.~~

4 B. In approving selections to the board, the Commissioner shall
5 consider, among other things, whether all member insurers are fairly
6 represented.

7 C. Members of the board shall serve without compensation but
8 may be reimbursed from the assets of the Association for expenses
9 incurred by them as members of the board of directors.

10 SECTION 16. AMENDATORY 36 O.S. 2011, Section 2007, is
11 amended to read as follows:

12 Section 2007. A. The Oklahoma Property and Casualty Insurance
13 Guaranty Association shall:

14 1. Be obligated to pay the covered claims existing prior to the
15 determination of insolvency if the claims arise within thirty (30)
16 days after the determination of insolvency, or before the policy
17 expiration date if less than thirty (30) days after the
18 determination, or before the insured replaces the policy or causes
19 its cancellation, if the insured does so within thirty (30) days of
20 the determination. The obligation shall be satisfied by paying to
21 the claimant an amount as follows:

22 a. the full amount of a covered claim for benefits under
23 a workers' compensation insurance coverage,

24

- 1 b. an amount not exceeding Ten Thousand Dollars
2 (\$10,000.00) per policy for a covered claim for the
3 return of unearned premium, and
4 c. an amount not exceeding One Hundred Fifty Thousand
5 Dollars (\$150,000.00) per claimant for all other
6 covered claims.

7 In no event shall the Association be obligated to pay a claimant
8 an amount in excess of the obligation of the insolvent insurer under
9 the policy or coverage from which the claim arises or in excess of
10 the limits of the obligation of the Association existing on the date
11 on which the order of liquidation is filed with the court clerk;

12 2. Any obligation of the association to defend an insured shall
13 cease upon the payment or tender by the association of an amount
14 equal to the lesser of the covered claim obligation limit of the
15 association or the applicable policy limit;

16 3. ~~Be deemed the insurer to the extent of the obligations on~~
17 ~~covered claims and to that extent subject to the limitations~~
18 ~~provided in the Oklahoma Property and Casualty Insurance Guaranty~~
19 ~~Association Act shall~~ As payor of last resort, have all rights,
20 duties and obligations of the insolvent insurer as if the insurer
21 had not become insolvent, including, but not limited to, the right
22 to pursue and retain salvage and subrogation recoverable on covered
23 claim obligations to the extent paid by the association. The
24

1 association shall not be deemed the insolvent insurer for the
2 purpose of conferring jurisdiction;

3 4. Allocate claims paid and expenses incurred among the three
4 accounts set out in Section 2005 of this title separately, and
5 assess member insurers separately for each account amounts necessary
6 to pay the obligations of the Association under this section
7 subsequent to a member insurer becoming an insolvent insurer, the
8 expenses of handling covered claims subsequent to an insolvency, and
9 other expenses authorized by the Oklahoma Property and Casualty
10 Insurance Guaranty Association Act, Sections 2001 through 2020 of
11 this title and Sections ~~14~~ 2020.1 and ~~15~~ 2020.2 of this ~~act~~ title.
12 The assessments of each member insurer shall be in the proportion
13 that the net direct written premiums of the member insurer for the
14 calendar year preceding the assessment on the kinds of insurance in
15 the account bear to the net direct written premiums of all
16 participating insurers for the calendar year preceding the
17 assessment on the kinds of insurance in the account. Each member
18 insurer shall be notified in writing of the assessment not later
19 than thirty (30) days before it is due. No member insurer may be
20 assessed in any year an amount greater than two percent (2%) of the
21 net direct written premiums of that member or one percent (1%) of
22 that surplus of the member insurer as regards policyholders for the
23 calendar year preceding the assessment on the kinds of insurance in
24 the account, whichever is less. If the maximum assessment, together

1 with the other assets of the Association, does not provide in any
2 one (1) year in any account an amount sufficient to make all
3 necessary payments from that account, the funds available may be
4 prorated and the unpaid portion shall be paid as soon thereafter as
5 funds become available. The Association shall pay claims in any
6 order which it deems reasonable, including the payment of claims as
7 the claims are received from the claimants or in groups or
8 categories of claims. The Association may exempt or defer, in whole
9 or in part, the assessment of any member insurer, if the assessment
10 would cause the financial statement of the member insurer to reflect
11 amounts of capital or surplus less than the minimum amounts required
12 for a certificate of authority by any jurisdiction in which the
13 member insurer is authorized to transact insurance. During the
14 period of deferment, no dividends shall be paid to shareholders or
15 policyholders. Deferred assessments shall be paid when the payments
16 will not reduce capital or surplus below required minimums. The
17 payments may be refunded to those companies receiving larger
18 assessments by virtue of the deferment, or, at the election of any
19 company credited against future assessments. Each member insurer
20 serving as a servicing facility may set off against any assessment
21 authorized payments made on covered claims and expenses incurred in
22 the payment of covered claims by a member insurer if they are
23 chargeable to the account for which the assessment is made;

24

1 5. Investigate claims brought against the Association and
2 adjust, compromise, settle and pay covered claims to the extent of
3 the obligation of the Association and deny all other claims. The
4 Association shall pay claims in any order that it may deem
5 reasonable, including, but not limited to, the payment of claims as
6 they are received from claimants or in groups of categories of
7 claims. The Association shall have the right to select and to
8 direct legal counsel under liability insurance policies for the
9 defense of covered claims;

10 6. Notify claimants in this state as deemed necessary by the
11 Commissioner and upon the request of the Commissioner, to the extent
12 records are available to the Association. Notification may include,
13 but shall not be limited to, a legal posting on the website of the
14 Association;

15 7. a. Handle claims through employees or through one or more
16 insurers or other persons ~~incorporated and resident in~~
17 ~~the State of Oklahoma~~ designated as servicing
18 facilities. Designation of a servicing facility is
19 subject to approval of the Commissioner, but such
20 designation may be declined by a member insurer.

21 b. The Association shall have the right to review and
22 contest as set forth in this paragraph, settlements,
23 releases, compromises, waivers and judgments to which
24 the insolvent insurer or its insureds were parties

1 prior to the entry of the order of liquidation. In an
2 action to enforce settlements, releases and judgments
3 to which the insolvent insurer or its insureds were
4 parties prior to the entry of the order of
5 liquidation, the Association shall have the right to
6 assert the following defenses:

7 (1) the Association shall not be bound by a
8 settlement, release, compromise or waiver
9 executed by an insured or the insurer, or any
10 judgment entered against the insured or the
11 insurer by consent or through a failure to
12 exhaust all appeals, if the settlement, release,
13 compromise waiver or judgment was:

14 (a) executed or entered within one hundred
15 twenty (120) days prior to the entry of an
16 order of liquidation, and the insured or the
17 insurer did not use reasonable care in
18 entering into the settlement, release,
19 compromise, waiver or judgment, or did not
20 pursue all reasonable appeals of an adverse
21 judgment, or

22 (b) executed by or taken against an insured or
23 the insurer based on default, fraud,
24

1 collusion or the failure of the insurer to
2 defend,

3 (2) if a court of competent jurisdiction finds that
4 the Association is not bound by a settlement,
5 release, compromise, waiver or judgment for the
6 releases provided for in division (1) of
7 subparagraph b of this paragraph, the settlement,
8 release, compromise, waiver or judgment shall be
9 set aside and the Association shall be permitted
10 to defend any covered claim on the merits. The
11 settlement, release, compromise, waiver or
12 judgment shall not be considered as evidence of
13 liability in connection with any claim brought
14 against the Association or any other party
15 pursuant to the Oklahoma Property and Casualty
16 Insurance Guaranty Association Act, and

17 (3) the Association shall have the right to assert
18 any statutory defenses or rights of offset
19 against any settlement, release, compromise or
20 waiver executed by an insured or the insurer, or
21 any judgment taken against the insured or the
22 insurer.

23 c. As to any covered claims arising from a judgment under
24 any decision, verdict or finding based on the default

1 of the insolvent insurer or its failure to defend, the
2 Association, either on its own behalf or on behalf of
3 an insured, may apply to have the judgment, order,
4 decision, verdict or finding set aside by the same
5 court or administrator that entered the judgment,
6 claim, decision, verdict or finding and shall be
7 permitted to defend on the merits;

8 8. Reimburse each servicing facility for obligations of the
9 Association paid by the facility and for reasonable expenses
10 incurred by the facility while handling claims on behalf of the
11 Association and pay the other expenses of the Association authorized
12 by the Oklahoma Property and Casualty Insurance Guaranty Association
13 Act; ~~and~~

14 9. Have standing to appear before any court of this state which
15 has jurisdiction over an impaired or insolvent insurer for whom the
16 Association is or may become obligated pursuant to the provisions of
17 the Oklahoma Property and Casualty Insurance Guaranty Association
18 Act. Standing shall extend to all matters germane to the powers and
19 duties of the Association including, but not limited to, proposals
20 for rehabilitation, acquisition, merger, reinsuring, or guaranteeing
21 the covered policies of the impaired or insolvent insurer, and the
22 determination of covered policies and contractual obligations of the
23 impaired or insolvent insurer; and

1 10. Notwithstanding any other provision of the Oklahoma
2 Property and Casualty Insurance Guaranty Association Act, an
3 insurance policy issued by a member insurer and later allocated,
4 transferred, assumed by or otherwise made the sole responsibility of
5 another insurer pursuant to any provision of law providing for the
6 division of an insurance company, or the statutory assumption or
7 transfer of designated policies under which there is no remaining
8 obligation to the transferring entity, shall be considered to have
9 been issued by a member insurer which is an insolvent insurer for
10 the purposes of this Act in the event that the insurer to which the
11 policy has been allocated, transferred, assumed or otherwise made
12 the sole responsibility of is placed in liquidation. An insurance
13 policy that was issued by an insurer who is not a member insurer and
14 subsequently allocated, transferred, assumed by or otherwise made
15 the sole responsibility of a member insurer under any provision of
16 law providing for the division of an insurance company shall not be
17 considered to have been issued by a member insurer pursuant to this
18 Act.

19 B. The Association may:

20 1. Employ or retain persons as are necessary to handle claims
21 and perform other duties of the Association;

22 2. Borrow funds necessary to effect the purposes of the
23 Oklahoma Property and Casualty Insurance Guaranty Association Act in
24 accordance with the plan of operation;

1 3. Sue or be sued;

2 4. Negotiate and become a party to contracts as are necessary
3 to carry out the purpose of the Oklahoma Property and Casualty
4 Insurance Guaranty Association Act;

5 5. Refund to member insurers in proportion to the contribution
6 of each member insurer that amount by which the assets of the
7 Association exceed its liabilities, if at the end of any calendar
8 year the board of directors finds that the assets of the Association
9 exceed the liabilities as estimated by the board of directors for
10 the coming year;

11 6. Lend monies to an insurer declared to be impaired by the
12 Commissioner. The Association, with approval of the Commissioner,
13 shall approve the amount, length and terms of the loan. "Impaired
14 Insurer" for purposes of this ~~paragraph~~ section shall mean an
15 insurer potentially unable to fulfill its contractual obligations,
16 but shall not mean an insolvent insurer;

17 7. Perform other acts as are necessary or proper to effectuate
18 the purpose of the Oklahoma Property and Casualty Insurance Guaranty
19 Association Act;

20 8. Intervene as a party in interest in any supervision,
21 conservation, liquidation, rehabilitation, impairment or
22 receivership in which policyholders' interests and interests of the
23 Association may be or are affected; and

1 9. Be designated or may contract as a servicing facility for
2 any entity which may be recommended by the board of directors of the
3 Association and shall be approved by the Commissioner.

4 SECTION 17. AMENDATORY 36 O.S. 2011, Section 2008, is
5 amended to read as follows:

6 Section 2008. A. The Oklahoma Property and Casualty Insurance
7 Guaranty Association shall submit to the Commissioner a plan of
8 operation and any amendments thereto necessary or suitable to assure
9 the fair, reasonable and equitable administration of the
10 Association. The plan of operation and any amendments thereto shall
11 become effective upon approval in writing by the Commissioner.

12 B. If the Association fails to submit a suitable plan of
13 operation within ninety (90) days following ~~the effective date of~~
14 ~~this act~~ June 27, 1980, or if at any time thereafter the Association
15 fails to submit suitable amendments to the plan, the Commissioner
16 shall, after notice and hearing, adopt and promulgate reasonable
17 rules as are necessary or advisable to effectuate the provisions of
18 ~~this act~~ Section 2001 et seq. of this title. Any rules promulgated
19 shall continue in force until modified by the Commissioner or
20 superseded by a plan submitted by the Association and approved by
21 the Commissioner. All member insurers shall comply with the plan of
22 operation.

23 C. The plan of operation shall:
24

- 1 1. Establish the procedures whereby all the powers and duties
2 of the Association under this act will be performed;
- 3 2. Establish procedures for handling assets of the Association;
- 4 3. Require the amount and method of reimbursing members of the
5 board of directors under Section 2006 of this title;
- 6 4. Establish procedures by which claims may be filed with the
7 Association and establish acceptable forms of proof of covered
8 claims;
- 9 5. Establish regular places and times for meetings of the board
10 of directors;
- 11 6. Require that the written procedures be established for
12 records to be kept of all financial transactions of the Association,
13 its agents and the board of directors;
- 14 7. Provide that any member insurer aggrieved by any final
15 action or decision of the Association may appeal to the Commissioner
16 within thirty (30) days after the action or decision;
- 17 8. Establish the procedures whereby selections for the board of
18 directors will be submitted to the Commissioner; and
- 19 9. Contain additional provisions necessary or proper for the
20 execution of the powers and duties of the Association.
- 21 D. The plan of operation may provide that any or all powers and
22 duties of the Association, except those under paragraph 3 of
23 subsection A and paragraph 2 of subsection B of Section 2007 of this
24 title, are delegated to a corporation, association or other

1 organization ~~incorporated and resident in the State of Oklahoma~~
2 which performs or will perform functions similar to those of this
3 Association, or its equivalent. The corporation, association or
4 organization shall be reimbursed as a servicing facility would be
5 reimbursed and shall be paid for its performance of any other
6 functions of the Association. A delegation under this subsection
7 shall take effect only with the approval of both the board of
8 directors and the Commissioner, and may be made only to a
9 corporation, association or organization which extends protection
10 not substantially less favorable and effective than that provided by
11 ~~this act~~ Section 2001 et seq. of this title.

12 SECTION 18. AMENDATORY 36 O.S. 2011, Section 2023, as
13 amended by Section 2, Chapter 384, O.S.L. 2019 (36 O.S. Supp. 2020,
14 Section 2023), is amended to read as follows:

15 Section 2023. A. There is created a nonprofit legal entity to
16 be known as the Oklahoma Life and Health Insurance Guaranty
17 Association. All member insurers shall be and remain members of the
18 Association as a condition of their authority to transact insurance
19 ~~as a~~ or health maintenance organization business in this state.

20 B. The Association shall perform its functions under a plan of
21 operation established and approved in accordance with this act and
22 shall exercise its powers through the Board of Directors established
23 in this act. For purposes of administration and assessment, the
24 Association shall maintain three accounts:

- 1 1. The health account;
- 2 2. The life insurance account; and
- 3 3. The annuity account.

4 C. The Association shall come under the immediate supervision
5 of the Insurance Commissioner and shall be subject to the applicable
6 provisions of the insurance laws of this state.

7 SECTION 19. AMENDATORY 36 O.S. 2011, Section 3101, is
8 amended to read as follows:

9 Section 3101. ~~The words and phrases as As used in this act,~~
10 ~~unless a different meaning is plainly required by the context, shall~~
11 ~~have the following meanings:~~

12 1. "Commissioner" means the Commissioner of Insurance, his or
13 her assistants or deputies, or other persons authorized to act for
14 him, or her;

15 2. "Company" means any person, firm, copartnership, company,
16 association or corporation engaged in selling, furnishing or
17 procuring, either as principal or ~~agent~~ producer, for a
18 consideration, motor club service-i

19 3. ~~"Agent"~~ "Producer" means a limited insurance representative
20 who solicits the purchase of service contracts or transmits for
21 another any such contract, or application therefor, to or from the
22 company, or acts or aids in any manner in the delivery or
23 negotiation of any such contract, or in the renewal or continuance
24

1 thereof. This, however, shall not include any person performing
2 only work of a clerical nature in the office of the motor club-; i

3 4. "Towing service" means any act by a company which consists
4 of towing or moving a motor vehicle from one place to another under
5 other than its own power-; i

6 5. "Emergency road service" means any act by a company to
7 adjust, repair or replace the equipment, tires or mechanical parts
8 of a motor vehicle so it may operate under its own power; or
9 reimbursement of expenses incurred by a member when his or her motor
10 vehicle is unable to operate under its own power-; i

11 6. "Insurance service" means any act to sell or give to the
12 holder of a service contract or as a result of membership in or
13 affiliation with a company a policy of insurance covering the holder
14 for liability or loss for personal injury or property damage
15 resulting from the ownership, maintenance, operation or use of a
16 motor vehicle-; i

17 7. "Bail bond service" means any act by a company to furnish or
18 procure a cash deposit, bond or other undertaking required by law
19 for any person accused of a law violation of this state, pending ~~the~~
20 trial-; i

21 8. "Discount service" means any act by a company resulting in
22 special discounts, rebates or reductions of price on gasoline, oil,
23 repairs, insurance, parts, accessories or service for motor vehicles
24 to holders of service contracts-; i

1 9. "Financial service" means any act by a company to loan or
2 otherwise advance monies, with or without security, to a service
3 contract holder-; i

4 10. "Buying and selling service" means any act by a company to
5 aid the holder of a service contract in the purchase or sale of an
6 automobile-; i

7 11. "Theft service" means any act by a company to locate,
8 identify or recover a stolen or missing motor vehicle owned or
9 controlled by the holder of a service contract or to detect or
10 apprehend the person guilty of such theft-; i

11 12. "Map service" means any act by a company to furnish road
12 maps without cost to holders of service contracts-; i

13 13. "Touring service" means any act by a company to furnish
14 touring information without cost to holders of service contracts-; i

15 14. "Legal service" means any act by a company to furnish to a
16 service contract holder, without cost, the services of an attorney-; i

17 15. "Motor club service" means the rendering, furnishing or
18 procuring of, or reimbursement for, towing service, emergency road
19 service, insurance service, bail bond service, legal service,
20 discount service, financial service, buying and selling service,
21 theft service, map service, touring service, or any three or more
22 thereof, to any person, in connection with the ownership, operation,
23 use or maintenance of a motor vehicle by such person, that has
24 membership, for consideration-; and

1 16. "Service contract" means any written agreement whereby any
2 company, for a consideration, promises to render, furnish or procure
3 for any person motor club service.

4 SECTION 20. AMENDATORY 36 O.S. 2011, Section 3105, is
5 amended to read as follows:

6 Section 3105. A. Each motor service club operating in this
7 state pursuant to certificate of authority issued hereunder shall
8 file with the Commissioner, within ten (10) days of the date of
9 employment, a notice of appointment of any ~~agent~~ limited lines
10 producer, resident or nonresident, appointed by the automobile club
11 to sell memberships in the motor service club to the public. This
12 notification shall be upon such form as the Commissioner may
13 prescribe and shall contain the name, address, age, sex, and Social
14 Security number of such club ~~agent~~ producer, and shall also contain
15 proof satisfactory to the Commissioner that such applicant is not
16 less than eighteen (18) years of age, is of good reputation, and has
17 received training from the club or is otherwise qualified in the
18 field of motor service club service contracts and knowledgeable of
19 the laws of this state pertaining thereto. ~~Upon termination of any~~
20 ~~agent's employment by the motor service club, such motor service~~
21 ~~club shall notify the Commissioner, in writing, within five (5) days~~
22 ~~of such termination.~~

23 B. A ~~registration~~ licensing fee for ~~agents~~ limited lines
24 producers, resident or nonresident, shall be ~~Twenty Dollars (\$20.00)~~

1 ~~annually, and such registration shall expire on July 1 of each year~~
2 ~~unless sooner revoked or suspended as provided for in this section~~
3 Forty Dollars (\$40.00) biennially.

4 C. Upon notice and hearing, the Commissioner may suspend ~~for~~
5 ~~not over twelve (12) months,~~ censure, revoke, or refuse to renew any
6 ~~agent's~~ license of a producer if he finds as to the licensee that
7 any one or more of the following causes exist:

8 1. Any violation of or noncompliance with any provision of this
9 act;

10 2. Obtaining or attempting to obtain any such license through
11 misrepresentation or fraud;

12 3. Oral or written misrepresentation of the terms, conditions,
13 benefits, or privileges of any motor service club service contract
14 issued or to be issued by the motor service club he represents or
15 any other motor service club;

16 4. Misappropriation or conversion to his own use or illegal
17 holding of monies, belonging to members or others, received in the
18 conduct of business under his license;

19 5. Pleading nolo contendere or guilty to a felony or conviction
20 by final judgment of a felony;

21 6. Demonstration of incompetence sufficient in the opinion of
22 the Commissioner to make the ~~agent~~ producer a source of injury and
23 loss to the public;

24 7. Fraudulent or dishonest practices;

1 8. Willful solicitation of membership from an individual who is
2 or has been a member of another motor service club by giving said
3 person credit for his years of membership with the other motor
4 service club;

5 9. Waiving the enrollment fee or otherwise reducing the usual
6 fees and charges for a new member when soliciting membership from an
7 individual who is or has been a member of another motor service
8 club.

9 D. In addition to the penalties provided for in this section, a
10 fine of not less than One Hundred Dollars (\$100.00) nor more than
11 One Thousand Dollars (\$1,000.00) for each occurrence may be levied.

12 SECTION 21. AMENDATORY 36 O.S. 2011, Section 3108, is
13 amended to read as follows:

14 Section 3108. A motor service club or an officer or ~~agent~~
15 producer thereof shall not in any manner misrepresent the terms,
16 benefits or privileges of any service contract issued or to be
17 issued by it or by another motor service club.

18 SECTION 22. AMENDATORY 36 O.S. 2011, Section 3639.1, as
19 amended by Section 11, Chapter 44, O.S.L. 2012 (36 O.S. Supp. 2020,
20 Section 3639.1), is amended to read as follows:

21 Section 3639.1. A. No insurer shall cancel, refuse to renew or
22 increase the premium of a homeowner's insurance policy or any other
23 personal residential insurance coverage, which has been in effect
24 more than forty-five (45) days, solely because the insured filed a

1 first claim against the policy. The provisions of this section
2 shall not be construed to prevent the cancellation, nonrenewal or
3 increase in premium of a homeowner's insurance policy for the
4 following reasons:

5 1. Nonpayment of premium;

6 2. Discovery of fraud or material misrepresentation in the
7 procurement of the insurance or with respect to any claims submitted
8 thereunder;

9 3. Discovery of willful or reckless acts or omissions on the
10 part of the named insured which increase any hazard insured against;

11 4. A change in the risk which substantially increases any
12 hazard insured against after insurance coverage has been issued or
13 renewed;

14 5. Violation of any local fire, health, safety, building, or
15 construction regulation or ordinance with respect to any insured
16 property or the occupancy thereof which substantially increases any
17 hazard insured against;

18 6. A determination by the Insurance Commissioner that the
19 continuation of the policy would place the insurer in violation of
20 the insurance laws of this state; or

21 7. Conviction of the named insured of a crime having as one of
22 its necessary elements an act increasing any hazard insured against.

23 B. An insurer shall give to the named insured at the mailing
24 address shown on a homeowner's policy, a written renewal notice that

1 shall include new premium, new deductible, new limits or coverage at
2 least thirty (30) days prior to the expiration date of the policy.
3 If the insurer fails to provide such notice, the premium,
4 deductible, limits and coverage provided to the named insurer prior
5 to the change shall remain in effect until notice is given or until
6 the effective date of replacement coverage obtained by the named
7 insured, whichever occurs first. If notice is given by mail, the
8 notice shall be deemed to have been given on the day the notice is
9 mailed. If the insured elects not to renew, any earned premium for
10 the period of extension of the terminated policy shall be calculated
11 pro rata at the lower of the current or previous year's rate. If
12 the insured accepts the renewal, the premium increase, if any, and
13 other changes shall be effective the day following the prior
14 policy's expiration or anniversary date.

15 C. An insurer shall make the cancellation of a homeowner's
16 insurance policy or any other personal residential insurance
17 coverage effective as of the date of the inception of the new
18 coverage, upon receipt of notice indicating the new coverage was
19 obtained for the purpose of replacing the policy. Notice shall
20 include the date of policy inception. If the date of inception of
21 the new coverage is prior to the current policy term, the date of
22 cancellation shall be effective no earlier than the start of the
23 current policy term.

24

1 D. An insurer canceling a policy under subsection C of this
2 section shall not be liable for claims arising after the date of
3 cancellation.

4 SECTION 23. AMENDATORY 36 O.S. 2011, Section 4030, is
5 amended to read as follows:

6 Section 4030. A. Except as may be otherwise approved by the
7 Insurance Commissioner, no single premium policy of life insurance
8 or single premium annuity contract shall be delivered or issued for
9 delivery in Oklahoma for a consideration other than cash, cashier's
10 check, check, bank draft, money order, ~~or~~ premium note or electronic
11 payment. This act shall not apply to the transfer of securities to
12 an insurer pursuant to the insuring of a pension or profit sharing
13 plan qualified under the Federal Internal Revenue Code.

14 B. This act shall not be held to repeal or alter any law now in
15 effect, but shall be construed as cumulative with and supplemental
16 to other laws and acts now in effect or enacted hereafter.

17 SECTION 24. AMENDATORY 36 O.S. 2011, Section 4030.1, is
18 amended to read as follows:

19 Section 4030.1. A. Within ten (10) days after an insurer
20 receives written notification of the death of a person covered by a
21 policy of life insurance, the insurer shall provide to the claimant
22 the necessary forms to be completed to establish proof of the death
23 of the insured and, if required by the policy, the interest of the
24 claimant. If the policy contains a provision requiring surrender of

1 the policy prior to settlement, the insurer shall include a written
2 statement to that effect with the forms to be completed. Forms to
3 establish proof of death and proof of the interest of the claimant
4 shall be approved by the Insurance Commissioner.

5 B. An insurer shall pay the proceeds of any benefits under a
6 policy of life insurance not more than thirty (30) days after the
7 insurer has received proof of death of the insured. If the proceeds
8 are not paid within this period, the insurer shall pay interest on
9 the proceeds, at a rate which is not less than the current rate of
10 interest on death proceeds on deposit with the insurer, from the
11 date of death of the insured to the date when the proceeds are paid.
12 Should the insurer hold its deposits in a noninterest bearing
13 account, the rate of interest to be paid shall be the same rate of
14 interest as the average United States Treasury Bill rate of the
15 preceding calendar year, as certified to the Insurance Commissioner
16 by the State Treasurer on the first regular business day in January
17 of each year, plus two (2) percentage points, which shall accrue
18 from the thirty-first day after receipt of proof of loss until the
19 proceeds are paid. Payment shall be deemed to have been made on the
20 date an electronic payment is made or the date a check, draft or
21 other valid instrument which is equivalent to payment was placed in
22 the U.S. mails in a properly addressed, postpaid envelope; or, if
23 not so posted, on the date of delivery of such instrument to the
24 beneficiary.

1 C. Subsection B of this section shall not apply to any life
2 insurance policy issued before October 1, 1978, which contains
3 specific provisions to the contrary.

4 SECTION 25. AMENDATORY 36 O.S. 2011, Section 4055.7, is
5 amended to read as follows:

6 Section 4055.7. A. 1. The Insurance Commissioner may conduct
7 an examination under the Viatical Settlements Act of 2008 of a
8 licensee as often as the Commissioner in his or her discretion deems
9 appropriate after considering the factors set forth in this
10 paragraph. In scheduling and determining the nature, scope, and
11 frequency of the examinations, the Commissioner shall consider such
12 matters as the consumer complaints, results of financial statement
13 analyses and ratios, changes in management or ownership, actuarial
14 opinions, report of independent certified public accountants, and
15 other relevant criteria as determined by the Commissioner.

16 2. For purposes of completing an examination of a licensee
17 under the Viatical Settlements Act of 2008, the Commissioner may
18 examine or investigate any person, or the business of any person,
19 insofar as the examination or investigation is, in the sole
20 discretion of the Commissioner, necessary or material to the
21 examination of the licensee.

22 3. In lieu of an examination under the Viatical Settlements Act
23 of 2008 of any foreign or alien licensee licensed in this state, the
24 Commissioner may, at the Commissioner's discretion, accept an

1 examination report on the licensee as prepared by the Commissioner
2 for the licensee's state of domicile or port-of-entry state.

3 4. As far as practical, the examination of a foreign or alien
4 licensee shall be made in cooperation with the insurance supervisory
5 officials of other states in which the licensee transacts business.

6 B. 1. A person required to be licensed by the Viatical
7 Settlements Act of 2008 shall for five (5) years for all settled
8 policies and for two (2) years for all policies which are not
9 settled retain copies of all:

10 a. proposed, offered or executed contracts, purchase
11 agreements, underwriting documents, policy forms, and
12 applications from the date of the proposal, offer or
13 execution of the contract or purchase agreement,
14 whichever is later,

15 b. all checks, drafts, electronic payment or other
16 evidence and documentation related to the payment,
17 transfer, deposit or release of funds from the date of
18 the transaction, and

19 c. all other records and documents related to the
20 requirements of the Viatical Settlements Act of 2008.

21 2. This subsection does not relieve a person of the obligation
22 to produce these documents to the Commissioner after the retention
23 period has expired if the person has retained the documents.

24

1 3. Records required to be retained by this subsection must be
2 legible and complete and may be retained in paper, photograph,
3 microprocess, magnetic, mechanical, or electronic media, or by any
4 process that accurately reproduces or forms a durable medium for the
5 reproduction of a record.

6 C. 1. Upon determining that an examination should be
7 conducted, the Commissioner shall issue an examination warrant
8 appointing one or more examiners to perform the examination and
9 instructing them as to the scope of the examination. In conducting
10 the examination, the examiner shall observe those guidelines and
11 procedures set forth in the Examiners Handbook adopted by the
12 National Association of Insurance Commissioners (NAIC). The
13 Commissioner may also employ such other guidelines or procedures as
14 the Commissioner may deem appropriate.

15 2. Every licensee or person from whom information is sought,
16 its officers, directors and agents shall provide to the examiners
17 timely, convenient and free access at all reasonable hours at its
18 offices to all books, records, accounts, papers, documents, assets
19 and computer or other recordings relating to the property, assets,
20 business and affairs of the licensee being examined. The officers,
21 directors, employees and agents of the licensee or person shall
22 facilitate the examination and aid in the examination so far as it
23 is in their power to do so. The refusal of a licensee, by its
24 officers, directors, employees or agents, to submit to examination

1 or to comply with any reasonable written request of the Commissioner
2 shall be grounds for suspension or refusal of, or nonrenewal of any
3 license or authority held by the licensee to engage in the viatical
4 settlement business or other business subject to the Commissioner's
5 jurisdiction. Any proceedings for suspension, revocation or refusal
6 of any license or authority shall be conducted in accordance with
7 the Administrative Procedures Act.

8 3. The Commissioner shall have the power to issue subpoenas, to
9 administer oaths and to examine under oath any person as to any
10 matter pertinent to the examination. Upon the failure or refusal of
11 a person to obey a subpoena, the Commissioner may petition a court
12 of competent jurisdiction, and upon proper showing, the Court may
13 enter an order compelling the witness to appear and testify or
14 produce documentary evidence. Failure to obey the court order shall
15 be punishable as contempt of court.

16 4. When making an examination under the Viatical Settlements
17 Act of 2008, the Commissioner may retain attorneys, appraisers,
18 independent actuaries, independent certified public accountants or
19 other professionals and specialists as examiners, the reasonable
20 cost of which shall be borne by the licensee that is the subject of
21 the examination.

22 5. Nothing contained in the Viatical Settlements Act of 2008
23 shall be construed to limit the Commissioner's authority to
24 terminate or suspend an examination in order to pursue other legal

1 or regulatory action pursuant to the insurance laws of this state.
2 Findings of fact and conclusions made pursuant to any examination
3 shall be prima facie evidence in any legal or regulatory action.

4 6. Nothing contained in the Viatical Settlements Act of 2008
5 shall be construed to limit the Commissioner's authority to use and,
6 if appropriate, to make public any final or preliminary examination
7 report, any examiner or licensee workpapers or other documents, or
8 any other information discovered or developed during the course of
9 any examination in the furtherance of any legal or regulatory action
10 which the Commissioner may, in his or her sole discretion, deem
11 appropriate.

12 D. 1. Examination reports shall be comprised of only facts
13 appearing upon the books, records or other documents of the
14 licensee, its agents or other persons examined, or as ascertained
15 from the testimony of its officers or agents or other persons
16 examined concerning its affairs, and such conclusions and
17 recommendations as the examiners find reasonably warranted from the
18 facts.

19 2. No later than sixty (60) days following completion of the
20 examination, the examiner in charge shall file with the Commissioner
21 a verified written report of examination under oath. Upon receipt
22 of the verified report, the Commissioner shall transmit the report
23 to the licensee examined, together with a notice that shall afford
24 the licensee examined a reasonable opportunity of not more than

1 thirty (30) days to make a written submission or rebuttal with
2 respect to any matters contained in the examination report.

3 3. In the event the Commissioner determines that regulatory
4 action is appropriate as a result of an examination, the
5 Commissioner may initiate any proceedings or actions provided by
6 law.

7 E. 1. Names and individual identification data for all viators
8 shall be considered private and confidential information and shall
9 not be disclosed by the Commissioner, unless required by law.

10 2. Except as otherwise provided in the Viatical Settlements Act
11 of 2008, all examination reports, working papers, recorded
12 information, documents and copies thereof produced by, obtained by
13 or disclosed to the Commissioner or any other person in the course
14 of an examination made under the Viatical Settlements Act of 2008,
15 or in the course of analysis or investigation by the Commissioner of
16 the financial condition or market conduct of a licensee shall be
17 confidential by law and privileged, shall not be subject to the
18 Oklahoma Open Records Act, shall not be subject to subpoena, and
19 shall not be subject to discovery or admissible in evidence in any
20 private civil action. The Commissioner is authorized to use the
21 documents, materials or other information in the furtherance of any
22 regulatory or legal action brought as part of the Commissioner's
23 official duties.

24

1 3. Documents, materials or other information, including, but
2 not limited to, all working papers, and copies thereof, in the
3 possession or control of the NAIC and its affiliates and
4 subsidiaries shall be confidential by law and privileged, shall not
5 be subject to subpoena, and shall not be subject to discovery or
6 admissible in evidence in any private civil action if they are:

7 a. created, produced or obtained by or disclosed to the
8 NAIC and its affiliates and subsidiaries in the course
9 of assisting an examination made under this act, or
10 assisting a Commissioner in the analysis or
11 investigation of the financial condition or market
12 conduct of a licensee, or

13 b. disclosed to the NAIC and its affiliates and
14 subsidiaries under paragraph 4 of this subsection by a
15 Commissioner.

16 For the purposes of paragraph 2 of this subsection, "act" means
17 the law of another state or jurisdiction that is substantially
18 similar to the Viatical Settlements Act of 2008.

19 4. Neither the Commissioner nor any person that received the
20 documents, material or other information while acting under the
21 authority of the Commissioner, including the NAIC and its affiliates
22 and subsidiaries, shall be permitted to testify in any private civil
23 action concerning any confidential documents, materials or
24 information subject to paragraph 1 of this subsection.

1 5. In order to assist in the performance of the Commissioner's
2 duties, the Commissioner:

3 a. may share documents, materials or other information,
4 including the confidential and privileged documents,
5 materials or information subject to paragraph 1 of
6 this subsection, with other state, federal and
7 international regulatory agencies, with the NAIC and
8 its affiliates and subsidiaries, and with state,
9 federal and international law enforcement authorities,
10 provided that the recipient agrees to maintain the
11 confidentiality and privileged status of the document,
12 material, communication or other information, and

13 b. may receive documents, materials, communications or
14 information, including otherwise confidential and
15 privileged documents, materials or information, from
16 the NAIC and its affiliates and subsidiaries, and from
17 regulatory and law enforcement officials of other
18 foreign or domestic jurisdictions, and shall maintain
19 as confidential or privileged any document, material
20 or information received with notice or the
21 understanding that it is confidential or privileged
22 under the laws of the jurisdiction that is the source
23 of the document, material or information.

24

1 6. No waiver of any applicable privilege or claim of
2 confidentiality in the documents, materials or information shall
3 occur as a result of disclosure to the Commissioner under this
4 section or as a result of sharing as authorized in paragraph 5 of
5 this subsection.

6 7. A privilege established under the law of any state or
7 jurisdiction that is substantially similar to the privilege
8 established under this subsection shall be available and enforced in
9 any proceeding in, and in any court of, this state.

10 8. Nothing contained in the Viatical Settlements Act of 2008
11 shall prevent or be construed as prohibiting the Commissioner from
12 disclosing the content of an examination report, preliminary
13 examination report or results, or any matter relating thereto, to
14 the Commissioner of any other state or country, or to law
15 enforcement officials of this or any other state or agency of the
16 federal government at any time or to the NAIC, so long as such
17 agency or office receiving the report or matters relating thereto
18 agrees in writing to hold it confidential and in a manner consistent
19 with the Viatical Settlements Act of 2008.

20 F. 1. An examiner may not be appointed by the Commissioner if
21 the examiner, either directly or indirectly, has a conflict of
22 interest or is affiliated with the management of or owns a pecuniary
23 interest in any person subject to examination under the Viatical
24

1 Settlements Act of 2008. This section shall not be construed to
2 automatically preclude an examiner from being:

- 3 a. a viator,
- 4 b. an insured in a viaticated insurance policy, or
- 5 c. a beneficiary in an insurance policy that is proposed
6 to be viaticated.

7 2. Notwithstanding the requirements of this paragraph, the
8 Commissioner may retain from time to time, on an individual basis,
9 qualified actuaries, certified public accountants, or other similar
10 individuals who are independently practicing their professions, even
11 though these persons may from time to time be similarly employed or
12 retained by persons subject to examination under the Viatical
13 Settlements Act of 2008.

14 G. 1. No cause of action shall arise nor shall any liability
15 be imposed against the Commissioner, the Commissioner's authorized
16 representatives or any examiner appointed by the Commissioner for
17 any statements made or conduct performed in good faith while
18 carrying out the provisions of the Viatical Settlements Act of 2008.

19 2. No cause of action shall arise, nor shall any liability be
20 imposed against any person for the act of communicating or
21 delivering information or data to the Commissioner or the
22 Commissioner's authorized representative or examiner pursuant to an
23 examination made under the Viatical Settlements Act of 2008, if the
24 act of communication or delivery was performed in good faith and

1 without fraudulent intent or the intent to deceive. This paragraph
2 does not abrogate or modify in any way any common law or statutory
3 privilege or immunity heretofore enjoyed by any person identified in
4 paragraph 1 of this subsection.

5 3. A person identified in paragraph 1 or 2 of this subsection
6 shall be entitled to an award of attorney fees and costs if he or
7 she is the prevailing party in a civil cause of action for libel,
8 slander or any other relevant tort arising out of activities in
9 carrying out the provisions of this act and the party bringing the
10 action was not substantially justified in doing so. For purposes of
11 this section a proceeding is "substantially justified" if it had a
12 reasonable basis in law or fact at the time that it was initiated.

13 H. The Commissioner may investigate suspected fraudulent
14 viatical settlement acts and persons engaged in the business of
15 viatical settlements.

16 SECTION 26. AMENDATORY 36 O.S. 2011, Section 4055.9, is
17 amended to read as follows:

18 Section 4055.9. A. 1. A viatical settlement provider entering
19 into a viatical settlement contract shall first obtain:

20 a. if the viator is the insured, a written statement from
21 a licensed attending physician that the viator is of
22 sound mind and under no constraint or undue influence
23 to enter into a viatical settlement contract, and
24

1 b. a document in which the insured consents to the
2 release of his or her medical records to a licensed
3 viatical settlement provider, viatical settlement
4 broker and the insurance company that issued the life
5 insurance policy covering the life of the insured.

6 2. Within twenty (20) days after a viator executes documents
7 necessary to transfer any rights under an insurance policy or within
8 twenty (20) days of entering any agreement, option, promise or any
9 other form of understanding, expressed or implied, to viaticate the
10 policy, the viatical settlement provider shall give written notice
11 to the insurer that issued that insurance policy that the policy has
12 or will become a viaticated policy. The notice shall be accompanied
13 by the documents required by paragraph 3 of this subsection.

14 3. Within twenty (20) days after a viator executes documents
15 necessary to transfer any rights under an insurance policy or within
16 twenty (20) days of entering any agreement, option, promise or any
17 other form of understanding, expressed or implied, to viaticate the
18 policy, the viatical provider shall deliver a copy of the medical
19 release required under subparagraph b of paragraph 1 of this
20 subsection, a copy of the viator's application for the viatical
21 settlement contract, the notice required under paragraph 2 of this
22 subsection and a request for verification of coverage to the insurer
23 that issued the life policy that is the subject of the viatical
24 transaction. The National Association of Insurance Commissioner's

1 (NAIC's) form for verification of coverage shall be used unless
2 another form is developed and approved by the Insurance
3 Commissioner.

4 4. The insurer shall respond to a request for verification of
5 coverage submitted on an approved form by a viatical settlement
6 provider or viatical settlement broker within thirty (30) calendar
7 days of the date the request is received and shall indicate whether,
8 based on the medical evidence and documents provided, the insurer
9 intends to pursue an investigation at this time regarding the
10 validity of the insurance contract or possible fraud. The insurer
11 shall accept a request for verification of coverage made on an NAIC
12 form, any form agreed upon by the insurer and the requestor, or any
13 other form approved by the Commissioner. The insurer shall accept
14 an original or facsimile or electronic copy of such request and any
15 accompanying authorization signed by the viator. Failure by the
16 insurer to meet its obligations under this subsection shall be a
17 violation of subsection C of Section 10 and Section 15 of Enrolled
18 Senate Bill No. 1980 of the 2nd Session of the 51st Oklahoma
19 Legislature.

20 5. Prior to or at the time of execution of the viatical
21 settlement contract, the viatical settlement provider shall obtain a
22 witnessed document in which the viator consents to the viatical
23 settlement contract, represents that the viator has a full and
24 complete understanding of the viatical settlement contract, that he

1 or she has a full and complete understanding of the benefits of the
2 life insurance policy, acknowledges that he or she is entering into
3 the viatical settlement contract freely and voluntarily and, for
4 persons with a terminal or chronic illness or condition,
5 acknowledges that the insured has a terminal or chronic illness and
6 that the terminal or chronic illness or condition was diagnosed
7 after the life insurance policy was issued.

8 6. The insurer shall not unreasonably delay effecting change of
9 ownership or beneficiary with any life settlement contract entered
10 into in this state or with a resident of this state.

11 7. If a viatical settlement broker performs any of these
12 activities required of the viatical settlement provider, the
13 provider is deemed to have fulfilled the requirements of this
14 section.

15 B. All medical information solicited or obtained by any
16 licensee shall be subject to the applicable provisions of state law
17 relating to confidentiality of medical information.

18 C. All viatical settlement contracts entered into in this state
19 shall provide the viator with an absolute right to rescind the
20 contract before the earlier of thirty (30) calendar days after the
21 date upon which the viatical settlement contract is executed by all
22 parties or fifteen (15) calendar days after the viatical settlement
23 proceeds have been sent to the viator. Rescission by the viator may
24 be conditioned upon the viator both giving notice and repaying to

1 the viatical settlement provider within the rescission period all
2 proceeds of the settlement and any premiums, loans and loan interest
3 paid by or on behalf of the viatical settlement provider in
4 connection with or as a consequence of the viatical settlement. If
5 the insured dies during the rescission period, the viatical
6 settlement contract shall be deemed to have been rescinded, subject
7 to repayment to the viatical settlement provider or purchaser of all
8 viatical settlement proceeds, and any premiums, loans and loan
9 interest that have been paid by the viatical settlement provider or
10 purchaser, which shall be paid within sixty (60) calendar days of
11 the death of the insured. In the event of any rescission, if the
12 viatical settlement provider has paid commissions or other
13 compensation to a viatical settlement broker in connection with the
14 rescinded transaction, the viatical settlement broker shall refund
15 all such commissions and compensation to the viatical settlement
16 provider within five (5) business days following receipt of written
17 demand from the viatical settlement provider, which demand shall be
18 accompanied by either the viator's notice of rescission if rescinded
19 at the election of the viator, or notice of the death of the insured
20 if rescinded by reason of the death of the insured within the
21 applicable rescission period.

22 D. The viatical settlement provider shall instruct the viator
23 to send the executed documents required to effect the change in
24 ownership, assignment or change in beneficiary directly to the

1 independent escrow agent. Within three (3) business days after the
2 date the escrow agent receives the document or from the date the
3 viatical settlement provider receives the documents, if the viator
4 erroneously provides the documents directly to the provider, the
5 provider shall pay or transfer the proceeds of the viatical
6 settlement into an escrow or trust account maintained in a state- or
7 federally-chartered financial institution whose deposits are insured
8 by the Federal Deposit Insurance Corporation (FDIC). Upon payment
9 of the settlement proceeds into the escrow account, the escrow agent
10 shall deliver the original change in ownership, assignment or change
11 in beneficiary forms to the viatical settlement provider or related
12 provider trust or other designated representative of the viatical
13 settlement provider. Upon the escrow agent's receipt of the
14 acknowledgment of the properly completed transfer of ownership,
15 assignment or designation of beneficiary from the insurance company,
16 the escrow agent shall pay the settlement proceeds to the viator.

17 E. Failure to tender consideration to the viator for the
18 viatical settlement contract within the time set forth in the
19 disclosure pursuant to paragraph 7 of subsection A of Section 8 of
20 Enrolled Senate Bill No. 1980 of the 2nd Session of the 51st
21 Oklahoma Legislature renders the viatical settlement contract
22 voidable by the viator for lack of consideration until the time
23 consideration is tendered to and accepted by the viator. Funds
24 shall be deemed sent by a viatical settlement provider to a viator

1 as of the date that the escrow agent either releases funds for wire
2 transfer to the viator ~~or~~, places a check for delivery to the viator
3 via United States Postal Service or other nationally recognized
4 delivery service or make an electronic payment to the viator.

5 F. In order to assure that a viator, at the time of the
6 viatical settlement has a life expectancy of less than two (2)
7 years, receives reasonable return for viaticating an insurance
8 policy, the following shall be minimum discounts:

Insured's Life Expectancy	Minimum Percentage of Face Value Less Outstanding Loans Received By Viator
Less than six (6) months	80%
At least six (6) but less than twelve (12) months	70%
At least twelve (12) but less than eighteen (18) months	65%
At least eighteen (18) months but less than twenty-four (24) months	60%

19 G. Contacts with the insured for the purpose of determining the
20 health status of the insured by the viatical settlement provider or
21 viatical settlement broker after the viatical settlement has
22 occurred shall only be made by a viatical settlement provider or
23 broker licensed in this state or its authorized representatives and
24 shall be limited to once every three (3) months for insureds with a

1 life expectancy of more than one (1) year, and to no more than once
2 per month for insureds with a life expectancy of one (1) year or
3 less. The provider or broker shall explain the procedure for these
4 contacts at the time the viatical settlement contract is entered
5 into. The limitations set forth in this subsection shall not apply
6 to any contacts with an insured for reasons other than determining
7 the insured's health status. Viatical settlement providers and
8 viatical settlement brokers shall be responsible for the actions of
9 their authorized representatives.

10 SECTION 27. AMENDATORY 36 O.S. 2011, Section 4103, is
11 amended to read as follows:

12 Section 4103. A. No policy of group life insurance shall be
13 delivered in this state ~~unless a schedule of the premium rates~~
14 ~~pertaining to the form thereof is filed with the Insurance~~
15 ~~Commissioner and~~ unless it contains in substance the following
16 provisions, or provisions which are more favorable to the persons
17 insured, or at least as favorable to the persons insured and more
18 favorable to the policyholder; 7 provided, however, ~~(a)~~ that
19 ~~provisions six (6) to ten (10) inclusive;~~

20 1. Paragraphs 6 through 10 of this section shall not apply to
21 policies issued to a creditor to insure debtors of such creditor;

22 ~~(b) That~~

23
24

1 2. That the standard provisions required for individual life
2 insurance policies shall not apply to group life insurance policies;
3 and

4 ~~(c) That~~

5 3. That if the group life insurance policy is on a plan of
6 insurance other than the term plan, it shall contain a nonforfeiture
7 provision or provisions which is or are equitable to the insured
8 persons and to the policyholder, but nothing herein shall be
9 construed to require that group life insurance policies contain the
10 same nonforfeiture provisions as are required for individual life
11 insurance policies:

12 ~~1.~~ B. A provision that the policyholder is entitled to a grace
13 period of thirty-one (31) days for the payment of any premium due
14 except the first, during which grace period the death benefit
15 coverage shall continue in force, unless the policyholder shall have
16 given the insurer written notice of discontinuance in advance of the
17 date of discontinuance and in accordance with the terms of the
18 policy. The policy may provide that the policyholder shall be
19 liable to the insurer for the payment of a pro rata premium for the
20 time the policy was in force during such grace period.

21 ~~2.~~ C. A provision that the validity of the policy shall not be
22 contested, except for nonpayment of premiums, after it has been in
23 force for two (2) years from its date of issue~~+~~+, and that no
24 statement made by any person insured under the policy relating to

1 his or her insurability shall be used in contesting the validity of
2 the insurance with respect to which such statement was made after
3 such insurance has been in force prior to the contest for a period
4 of two (2) years during such person's lifetime nor unless it is
5 contained in a written instrument signed by him or her.

6 ~~3.~~ D. A provision that a copy of the application, if any, of
7 the policyholder shall be attached to the policy when issued, that
8 all statements made by the policyholder or by the persons insured
9 shall be deemed representations and not warranties, and that no
10 statement made by any person insured shall be used in any contest
11 unless a copy of the instrument containing the statement is or has
12 been furnished to such person or to his or her beneficiary.

13 ~~4.~~ E. A provision setting forth the conditions, if any, under
14 which the insurer reserves the right to require a person eligible
15 for insurance to furnish evidence of individual insurability
16 satisfactory to the insurer as a condition to part or all of his or
17 her coverage.

18 ~~5.~~ F. A provision specifying an equitable adjustment of
19 premiums or of benefits or of both to be made in the event the age
20 of a person insured has been misstated, such provision to contain a
21 clear statement of the method of adjustment to be used.

22 ~~6.~~ G. A provision that any sum becoming due by reason of the
23 death of the person insured shall be payable to the beneficiary
24 designated by the person insured, subject to the provisions of the

1 policy in the event there is no designated beneficiary as to all or
2 any part of such sum, living at the death of the person insured, and
3 subject to any right reserved by the insurer in the policy and set
4 forth in the certificate to pay at its option a part of such sum not
5 exceeding Five Hundred Dollars (\$500.00) to any person appearing to
6 the insurer to be equitably entitled thereto by reason of having
7 incurred funeral or other expenses incident to the last illness or
8 death of the person insured.

9 ~~7.~~ H. A provision that the insurer will issue to the
10 policyholder for delivery to each person insured an individual
11 certificate setting forth a statement as to the insurance protection
12 to which he is entitled, to whom the insurance benefits are payable,
13 and the rights and conditions set forth in paragraphs ~~(8)~~, ~~(9)~~ and
14 ~~(10)~~ of this section~~.~~.

15 ~~8.~~ I. A provision that if the insurance, or any portion of it,
16 on a person covered under the policy ceases because of termination
17 of employment or of membership in the class or classes eligible for
18 coverage under the policy, such person shall be entitled to have
19 issued to him or her by the insurer, without evidence of
20 insurability, an individual policy of life insurance without
21 disability or other supplementary benefits, provided an application
22 for the individual policy shall be made, and the first premium paid
23 to the insurer, within thirty-one (31) days after such termination,
24 and provided further that: ~~(a)~~

1 a. the individual policy shall, at the option of such
2 person, be on any one of the forms, except term
3 insurance, then customarily issued by the insurer at
4 the age and for the amount applied for; ~~(b),~~

5 b. the individual policy shall be in an amount not in
6 excess of the amount of life insurance which ceases
7 because of such termination, less, in the case of a
8 person whose membership in the class or classes
9 eligible for coverage terminates but who continues in
10 employment in another class, the amount of any life
11 insurance for which such person is or becomes eligible
12 within thirty-one (31) days after such termination
13 under any other group policy; provided that any amount
14 of insurance which shall have matured on or before the
15 date of such termination as an endowment payable to
16 the person insured, whether in one sum or in
17 installments or in the form of an annuity, shall not,
18 for the purposes of this ~~provision~~ subparagraph, be
19 included in the amount which is considered to cease
20 because of such termination; ~~and (e)~~

21 c. the premium on the individual policy shall be at the
22 insurer's then customary rate applicable to the form
23 and amount of the individual policy, to the class of
24 risk to which such person then belongs, and to his or

1 her age attained on the effective date of the
2 individual policy.

3 ~~9.~~ J. A provision that if the group policy terminates or is
4 amended so as to terminate the insurance of any class of insured
5 persons, every person insured thereunder at the date of such
6 termination whose insurance terminates and who has been so insured
7 for at least five (5) years prior to such termination date shall be
8 entitled to have issued to him or her by the insurer an individual
9 policy of life insurance, subject to the same conditions and
10 limitations as are provided by paragraph ~~(8)~~ 8 of this section,
11 except that the group policy may provide that the amount of such
12 individual policy shall not exceed the smaller of ~~(a)~~ :

13 a. the amount of the person's life insurance protection
14 ceasing because of the termination or amendment of the
15 group policy, less the amount of any life insurance
16 for which he or she is or becomes eligible under any
17 group policy issued or reinstated by the same or
18 another insurer within thirty-one (31) days after such
19 termination, and ~~(b)~~

20 b. Ten Thousand Dollars (\$10,000.00).

21 ~~10.~~ K. A provision that if a person insured under the group
22 policy dies during the period within which he or she would have been
23 entitled to have an individual policy issued to him or her in
24 accordance with paragraph ~~(8)~~ I or ~~(9)~~ J of this section and before

1 such an individual policy shall have become effective, the amount of
2 life insurance which he or she would have been entitled to have
3 issued to him or her under such individual policy shall be payable
4 as a claim under the group policy, whether or not application for
5 the individual policy or the payment of the first premium therefor
6 has been made.

7 ~~11.~~ L. In the case of a policy issued to a creditor to insure
8 debtors of such creditor, a provision that the insurer will furnish
9 to the policyholder for delivery to each debtor insured under the
10 policy a form which shall contain a statement that the life of the
11 debtor is insured under the policy and that any death benefit paid
12 thereunder by reason of his or her death shall be applied to reduce
13 or extinguish the indebtedness.

14 SECTION 28. AMENDATORY 36 O.S. 2011, Section 4112, is
15 amended to read as follows:

16 Section 4112. An insurer shall pay the proceeds of any benefits
17 under group life insurance policy not more than thirty (30) days
18 after the insurer has received proof of death of the insured. If
19 the proceeds are not paid within this period, the insurer shall pay
20 interest on the proceeds, at a rate which is not less than the
21 current rate of interest on death proceeds on deposit with the
22 insurer, from the date of death of the insured to the date when the
23 proceeds are paid. Payment shall be deemed to have been made on the
24 date an electronic payment is made or a check, draft or other valid

1 instrument which is equivalent to payment was placed in the U.S.
2 mails in a properly addressed, postpaid envelope; or, if not so
3 posted, on the date of delivery of such instrument to the
4 beneficiary.

5 SECTION 29. AMENDATORY 36 O.S. 2011, Section 6060.12, as
6 amended by Section 3, Chapter 75, O.S.L. 2020 (36 O.S. Supp. 2020,
7 Section 6060.12), is amended to read as follows:

8 Section 6060.12. 1. A health benefit plan that, at the end of
9 its base period, experiences a greater than two percent (2%)
10 increase in premium costs pursuant to providing benefits for
11 treatment of mental health and substance use disorders shall be
12 exempt from the provisions of Section 6060.11 of this title.

13 2. To calculate base-period-premium costs, the health benefit
14 plan shall subtract from premium costs incurred during the base
15 period, both the premium costs incurred during the period
16 immediately preceding the base period and any premium cost increases
17 attributable to factors unrelated to benefits for treatment of
18 mental health and substance use disorders.

19 3. a. To claim the exemption provided for in ~~subsection A~~
20 paragraph 1 of this section a health benefit plan
21 shall provide to the Insurance Commissioner a written
22 request signed by an actuary stating the reasons and
23 actuarial assumptions upon which the request is based.

24

1 b. The Commissioner shall verify the information provided
2 and shall approve or disapprove the request within
3 thirty (30) days of receipt.

4 c. If, upon investigation, the Commissioner finds that
5 any statement of fact in the request is found to be
6 knowingly false, the health benefit plan may be
7 subject to suspension or loss of license or any other
8 penalty as determined by the Commissioner,~~or the~~
9 ~~State Commissioner of Health~~ with regard to health
10 maintenance organizations.

11 SECTION 30. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 6124.2 of Title 36, unless there
13 is created a duplication in numbering, reads as follows:

14 A. No prepaid funeral benefit permit holder shall change the
15 name under which the permit holder operates except as provided in
16 this section. The prepaid funeral benefit permit holder shall
17 obtain approval from the Insurance Commissioner at least thirty (30)
18 days prior to changing the name of the permit holder. The
19 application for change of name of a prepaid funeral benefit permit
20 holder shall be in a form provided by the Insurance Commissioner and
21 shall contain, at a minimum, the following information:

- 22 1. The name of the permit holder;
- 23 2. The proposed new name of the permit holder; and
- 24 3. The date the name change will become effective.

1 B. The Insurance Commissioner may waive the approval
2 requirement provided for in subsection A of this section upon good
3 cause shown.

4 C. The Insurance Commissioner may deny the change of name of
5 the prepaid funeral benefit permit holder upon good cause shown.

6 D. Upon approval of a change of name, the Insurance
7 Commissioner shall issue a prepaid funeral benefit permit with the
8 new name. The prepaid funeral benefit permit holder shall display
9 in a conspicuous place at all times on the premises of the
10 organization all permits issued pursuant to the provisions of this
11 section. No organization may consent to or allow the use or display
12 of the permit by a person other than the persons authorized to
13 represent the organization in contracting prepaid funeral benefits.

14 E. The Insurance Commissioner may prescribe rules concerning
15 matters incidental to this section.

16 SECTION 31. AMENDATORY 36 O.S. 2011, Section 6216.1, is
17 amended to read as follows:

18 Section 6216.1. No insurance company authorized to transact
19 insurance in this state shall make payment of any insurance claim,
20 or any portion of a claim, to a public adjuster on account of
21 services rendered by a public adjuster to an insured unless the name
22 of the insured is added as a joint payee on any claim check ~~or~~,
23 draft or electronic payment. The payment, whether by check, draft,
24

1 electronic payment or otherwise, shall be sent to the address or
2 electronic mail address designated by the insured.

3 SECTION 32. AMENDATORY 36 O.S. 2011, Section 6217, as
4 last amended by Section 14, Chapter 269, O.S.L. 2013 (36 O.S. Supp.
5 2020, Section 6217), is amended to read as follows:

6 Section 6217. A. All licenses issued pursuant to the
7 provisions of the Insurance Adjusters Licensing Act shall continue
8 in force not longer than twenty-four (24) months. The renewal dates
9 for the licenses may be staggered throughout the year by notifying
10 licensees in writing of the expiration and renewal date being
11 assigned to the licensees by the Insurance Commissioner and by
12 making appropriate adjustments in the biennial licensing fee.

13 B. Any licensee applying for renewal of a license as an
14 adjuster shall have completed not less than twenty-four (24) clock
15 hours of continuing insurance education, of which three (3) hours
16 shall be in ethics, within the previous twenty-four (24) months
17 prior to renewal of the license. The Insurance Commissioner shall
18 approve courses and providers of continuing education for insurance
19 adjusters as required by this section.

20 The Insurance Department may use one or more of the following to
21 review and provide a nonbinding recommendation to the Insurance
22 Commissioner on approval or disapproval of courses and providers of
23 continuing education:

24 1. Employees of the Insurance Commissioner;

1 2. A continuing education advisory committee. ~~The continuing~~
2 ~~education advisory committee is separate and distinct from the~~
3 ~~Advisory Board established by Section 6221 of this title;~~

4 3. An independent service whose normal business activities
5 include the review and approval of continuing education courses and
6 providers. The Commissioner may negotiate agreements with such
7 independent service to review documents and other materials
8 submitted for approval of courses and providers and present the
9 Commissioner with its nonbinding recommendation. The Commissioner
10 may require such independent service to collect the fee charged by
11 the independent service for reviewing materials provided for review
12 directly from the course providers.

13 C. An adjuster who, during the time period prior to renewal,
14 participates in an approved professional designation program shall
15 be deemed to have met the biennial requirement for continuing
16 education. Each course in the curriculum for the program shall
17 total a minimum of twenty-four (24) hours. Each approved
18 professional designation program included in this section shall be
19 reviewed for quality and compliance every three (3) years in
20 accordance with standardized criteria promulgated by rule.
21 Continuation of approved status is contingent upon the findings of
22 the review. The list of professional designation programs approved
23 under this subsection shall be made available to producers and
24 providers annually.

1 D. The Insurance Department may promulgate rules providing that
2 courses or programs offered by professional associations shall
3 qualify for presumptive continuing education credit approval. The
4 rules shall include standardized criteria for reviewing the
5 professional associations' mission, membership, and other relevant
6 information, and shall provide a procedure for the Department to
7 disallow a presumptively approved course. Professional association
8 courses approved in accordance with this subsection shall be
9 reviewed every three (3) years to determine whether they continue to
10 qualify for continuing education credit.

11 E. The active service of a licensed adjuster as a member of a
12 continuing education advisory committee, as described in paragraph 2
13 of subsection B of this section, shall be deemed to qualify for
14 continuing education credit on an hour-for-hour basis.

15 F. 1. Each provider of continuing education shall, after
16 approval by the Commissioner, submit an annual fee. A fee may be
17 assessed for each course submission at the time it is first
18 submitted for review and upon submission for renewal at expiration.
19 Annual fees and course submission fees shall be set forth as a rule
20 by the Commissioner. The fees are payable to the Insurance
21 Commissioner and shall be deposited in the State Insurance
22 Commissioner Revolving Fund, created in Section 307.3 of this title,
23 for the purposes of fulfilling and accomplishing the conditions and
24 purposes of the Oklahoma Producer Licensing Act and the Insurance

1 Adjusters Licensing Act. Public-funded educational institutions,
2 federal agencies, nonprofit organizations, not-for-profit
3 organizations and Oklahoma state agencies shall be exempt from this
4 subsection.

5 2. The Commissioner may assess a civil penalty, after notice
6 and opportunity for hearing, against a continuing education provider
7 who fails to comply with the requirements of the Insurance Adjusters
8 Licensing Act, of not less than One Hundred Dollars (\$100.00) nor
9 more than Five Hundred Dollars (\$500.00), for each occurrence. The
10 civil penalty may be enforced in the same manner in which civil
11 judgments may be enforced.

12 G. Subject to the right of the Commissioner to suspend, revoke,
13 or refuse to renew a license of an adjuster, any such license may be
14 renewed by filing on the form prescribed by the Commissioner on or
15 before the expiration date a written request by or on behalf of the
16 licensee for such renewal and proof of completion of the continuing
17 education requirement set forth in subsection B of this section,
18 accompanied by payment of the renewal fee.

19 H. If the request, proof of compliance with the continuing
20 education requirement and fee for renewal of a license as an
21 adjuster are filed with the Commissioner prior to the expiration of
22 the existing license, the licensee may continue to act pursuant to
23 said license, unless revoked or suspended prior to the expiration
24 date, until the issuance of a renewal license or until the

1 expiration of ten (10) days after the Commissioner has refused to
2 renew the license and has mailed notice of said refusal to the
3 licensee. Any request for renewal filed after the date of
4 expiration may be considered by the Commissioner as an application
5 for a new license.

6 SECTION 33. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 6470.35 of Title 36, unless
8 there is created a duplication in numbering, reads as follows:

9 A. As used in this section, "dormant captive insurance company"
10 means a captive insurance company that has:

11 1. Ceased transacting the business of insurance, including the
12 issuance of insurance policies; and

13 2. No remaining liabilities associated with insurance business
14 transactions or insurance policies issued prior to the filing of its
15 application for a certificate of dormancy under this section.

16 B. A dormant captive insurance company domiciled in this state
17 that meets the criteria of subsection A of this section may apply to
18 the Insurance Commissioner for a certificate of dormancy. The
19 certificate of dormancy shall be subject to renewal every five (5)
20 years and shall be forfeited if not renewed within such time.

21 C. A dormant captive insurance company that has been issued a
22 certificate of dormancy shall:

23

24

1 1. Possess and thereafter maintain unimpaired, paid-in capital
2 and surplus of not less than Twenty-five Thousand Dollars
3 (\$25,000.00);

4 2. Submit on or before March 1 of each year to the Insurance
5 Commissioner a report of its financial condition, verified by an
6 oath of two of its executive officers, in a form prescribed by the
7 Insurance Commissioner; and

8 3. Pay a nonrefundable renewal fee of Five Hundred Dollars
9 (\$500.00).

10 D. A dormant captive insurance company shall not be subject to
11 or liable for the payment of any tax under Section 6753 of Title 36
12 of the Oklahoma Statutes.

13 E. A dormant captive insurance company shall apply to the
14 Insurance Commissioner for approval to surrender its certificate of
15 dormancy and resume conducting the business of insurance prior to
16 issuing any insurance policies.

17 F. A certificate of dormancy shall be revoked if a dormant
18 captive insurance company no longer meets the criteria of subsection
19 A of this section.

20 G. A dormant captive insurance company may be subject to
21 examination under Section 6470.13 of Title 36 of the Oklahoma
22 Statutes for any year when it did not qualify as a dormant captive
23 insurance company. The Insurance Commissioner may examine a dormant
24

1 captive insurance company pursuant to Section 6470.13 of Title 36 of
2 the Oklahoma Statutes.

3 H. The Insurance Commissioner may promulgate and adopt rules
4 and regulations implementing the provisions of this section.

5 SECTION 34. AMENDATORY 36 O.S. 2011, Section 6552, is
6 amended to read as follows:

7 Section 6552. As used in the Hospital and Medical Services
8 Utilization Review Act:

9 1. "Utilization review" means a system for prospectively,
10 concurrently and retrospectively reviewing the appropriate and
11 efficient allocation of hospital resources and medical services
12 given or proposed to be given to a patient or group of patients. It
13 does not include an insurer's normal claim review process to
14 determine compliance with the specific terms and conditions of the
15 insurance policy;

16 2. "Private review agent" means a person or entity who performs
17 utilization review on behalf of:

- 18 a. an employer in this state, or
19 b. a third party that provides or administers hospital
20 and medical benefits to citizens of this state,
21 including, but not limited to:

22 (1) a health maintenance organization issued a
23 license pursuant to Section 2501 et seq. of Title
24 63 of the Oklahoma Statutes, unless the health

1 maintenance organization is federally regulated
2 and licensed and has on file with the Insurance
3 Commissioner ~~of Health~~ a plan of utilization
4 review carried out by health care professionals
5 and providing for complaint and appellate
6 procedures for claims, or

7 (2) a health insurer, not-for-profit hospital service
8 or medical plan, health insurance service
9 organization, or preferred provider organization
10 or other entity offering health insurance
11 policies, contracts or benefits in this state;

12 3. "Utilization review plan" means a description of utilization
13 review procedures;

14 4. "Commissioner" means the Insurance Commissioner;

15 5. "Certificate" means a certificate of registration granted by
16 the Insurance Commissioner to a private review agent; and

17 6. "Health care provider" means any person, firm, corporation
18 or other legal entity that is licensed, certified, or otherwise
19 authorized by the laws of this state to provide health care
20 services, procedures or supplies in the ordinary course of business
21 or practice of a profession.

22 SECTION 35. AMENDATORY 36 O.S. 2011, Section 6753, as
23 amended by Section 38, Chapter 150, O.S.L. 2012 (36 O.S. Supp. 2020,
24 Section 6753), is amended to read as follows:

1 Section 6753. A. Home service contracts shall not be issued,
2 sold or offered for sale in this state unless the provider has:

3 1. Provided a receipt for, or other written evidence of, the
4 purchase of the home service contract to the contract holder; and

5 2. Provided a copy of the home service contract to the service
6 contract holder within a reasonable period of time from the date of
7 purchase.

8 B. Each provider of home service contracts sold in this state
9 shall file a registration with, and on a form prescribed by, the
10 Insurance Commissioner consisting of their name, full corporate
11 physical street address, telephone number, contact person and a
12 designated person in this state for service of process. Each
13 provider shall pay to the Commissioner a fee in the amount of One
14 Thousand Two Hundred Dollars (\$1,200.00) upon initial registration
15 and every three (3) years thereafter. Each provider shall pay to
16 the Commissioner an Antifraud Assessment Fee of Two Thousand Two
17 Hundred Fifty Dollars (\$2,250.00) upon initial registration and
18 every three (3) years thereafter. The registration need only be
19 updated by written notification to the Commissioner if material
20 changes occur in the registration on file. A proper registration is
21 de facto a license to conduct business in Oklahoma and may be
22 suspended as provided in Section 6755 of this title. Fees received
23 from home service contract providers shall not be subject to any
24 premium tax, but shall be subject to an administrative fee equal to

1 two percent (2%) of the gross fees received on the sale of all home
2 service contracts issued in this state during the preceding calendar
3 quarter. The fees shall be paid quarterly to the Commissioner and
4 submitted along with a report on a form prescribed by the
5 Commissioner. However, service contract providers may elect to pay
6 an annual administrative fee of Three Thousand Dollars (\$3,000.00)
7 in lieu of the two-percent administrative fee, if the provider
8 maintains an insurance policy as provided in paragraph 3 of
9 subsection C of this section.

10 C. In order to assure the faithful performance of a provider's
11 obligations to its contract holders, each provider shall be
12 responsible for complying with the requirements of paragraph 1, 2 or
13 3 of this subsection:

- 14 1. a. maintain a funded reserve account for its obligations
15 under its contracts issued and outstanding in this
16 state. The reserves shall not be less than forty
17 percent (40%) of gross consideration received, less
18 claims paid, on the sale of the service contract for
19 all in-force contracts. The reserve account shall be
20 subject to examination and review by the Commissioner,
21 and
- 22 b. place in trust with the Commissioner a financial
23 security deposit, having a value of not less than five
24 percent (5%) of the gross consideration received, less

1 claims paid, on the sale of the service contract for
2 all service contracts issued and in force, but not
3 less than Twenty-five Thousand Dollars (\$25,000.00),
4 consisting of one of the following:

5 (1) a surety bond issued by an authorized surety,
6 (2) securities of the type eligible for deposit by
7 authorized insurers in this state,

8 (3) ~~cash,~~

9 ~~(4)~~ a letter of credit issued by a qualified
10 financial institution, or

11 ~~(5)~~

12 (4) another form of security prescribed by rule
13 promulgated by the Commissioner;

- 14 2. a. maintain, or together with its parent company
15 maintain, a net worth or stockholders' equity of
16 Twenty-five Million Dollars (\$25,000,000.00),
17 excluding goodwill, intangible assets, customer lists
18 and affiliated receivables, and
- 19 b. upon request, provide the Commissioner with a copy of
20 the provider's or the provider's parent company's most
21 recent Form 10-K or Form 20-F filed with the
22 Securities and Exchange Commission (SEC) within the
23 last calendar year, or if the company does not file
24 with the SEC, a copy of the company's financial

1 statements, which shows a net worth of the provider or
2 its parent company of at least Twenty-five Million
3 Dollars (\$25,000,000.00) based upon Generally Accepted
4 Accounting Principles (GAAP) accounting standards. If
5 the provider's parent company's Form 10-K, Form 20-F,
6 or financial statements are filed to meet the
7 provider's financial stability requirement, then the
8 parent company shall agree to guarantee the
9 obligations of the provider relating to service
10 contracts sold by the provider in this state; or

11 3. Purchase an insurance policy which demonstrates to the
12 satisfaction of the Insurance Commissioner that one hundred percent
13 (100%) of its claim exposure is covered by such policy. The
14 insurance shall be obtained from an insurer that is licensed,
15 registered, or otherwise authorized to do business in this state,
16 that is rated B++ or better by A.M. Best Company, Inc., and that
17 meets the requirements of subsection D of this section. For the
18 purposes of this paragraph, the insurance policy shall contain the
19 following provisions:

20 a. in the event that the provider is unable to fulfill
21 its obligation under contracts issued in this state
22 for any reason, including insolvency, bankruptcy, or
23 dissolution, the insurer shall pay losses and unearned
24

1 premiums under such plans directly to the person
2 making the claim under the contract,

3 b. the insurer issuing the insurance policy shall assume
4 full responsibility for the administration of claims
5 in the event of the inability of the provider to do
6 so, and

7 c. the policy shall not be canceled or not renewed by
8 either the insurer or the provider unless sixty (60)
9 days' written notice thereof has been given to the
10 Commissioner by the insurer before the date of such
11 cancellation or nonrenewal.

12 D. The insurer providing the insurance policy used to satisfy
13 the financial responsibility requirements of paragraph 3 of
14 subsection C of this section shall meet one of the following
15 standards:

16 1. The insurer shall, at the time the policy is filed with the
17 Commissioner, and continuously thereafter:

18 a. maintain surplus as to policyholders and paid-in
19 capital of at least Fifteen Million Dollars
20 (\$15,000,000.00), and

21 b. annually file copies of the audited financial
22 statements of the insurer, its National Association of
23 Insurance Commissioners (NAIC) Annual Statement, and
24

1 the actuarial certification required by and filed in
2 the state of domicile of the insurer; or

3 2. The insurer shall, at the time the policy is filed with the
4 Commissioner, and continuously thereafter:

5 a. maintain surplus as to policyholders and paid-in
6 capital of less than Fifteen Million Dollars
7 (\$15,000,000.00),

8 b. demonstrate to the satisfaction of the Commissioner
9 that the company maintains a ratio of net written
10 premiums, wherever written, to surplus as to
11 policyholders and paid-in capital of not greater than
12 three to one, and

13 c. annually file copies of the audited financial
14 statements of the insurer, its NAIC Annual Statement,
15 and the actuarial certification required by and filed
16 in the state of domicile of the insurer.

17 E. Except for the registration requirements in subsection B of
18 this section, providers, administrators and other persons marketing,
19 selling or offering to sell home service contracts are exempt from
20 any licensing requirements of this state and shall not be subject to
21 other registration information or security requirements. Home
22 service contract providers as defined in Section 6752 of this title
23 and properly registered under this law are exempt from any treatment
24 pursuant to the Service Warranty Act. Home service contract

1 providers applying for registration under the Oklahoma Home Service
2 Contract Act that have not been registered in the preceding twelve
3 (12) months under the Oklahoma Home Service Contract Act may be
4 subject to a thirty-day prior review before their registration is
5 deemed complete. Said applications shall be deemed complete after
6 thirty (30) days unless the Commissioner takes action in that period
7 under Section 6755 of this title, for cause shown, to suspend their
8 registration.

9 F. The marketing, sale, offering for sale, issuance, making,
10 proposing to make and administration of home service contracts by
11 providers and related service contract sellers, administrators, and
12 other persons, including but not limited to real estate licensees,
13 shall be exempt from all other provisions of the Insurance Code.

14 SECTION 36. AMENDATORY 36 O.S. 2011, Section 6904, is
15 amended to read as follows:

16 Section 6904. A. ~~1.~~ Upon receipt of an application for
17 issuance of a certificate of authority, the Insurance Commissioner
18 shall ~~forthwith transmit copies of such application and accompanying~~
19 ~~documents to the State Commissioner of Health.~~

20 ~~2.~~ ~~The State Commissioner of Health shall~~ within forty-five
21 (45) days determine whether the applicant ~~for a certificate of~~
22 ~~authority,~~ with respect to health care services to be furnished, has
23 complied with the provisions of Section ~~7~~ 6907 of this ~~act~~ title.

24

1 ~~3. Within forty five (45) days of receipt of an application for~~
2 ~~issuance of a certificate of authority from the Insurance~~
3 ~~Commissioner, the State Commissioner of Health shall certify to the~~
4 ~~Insurance Commissioner that the proposed health maintenance~~
5 ~~organization meets the requirements of Section 7 of this act, or~~
6 ~~shall notify the Insurance Commissioner that the proposed health~~
7 ~~maintenance organization does not meet such requirements and shall~~
8 ~~specify in what respects the applicant is deficient.~~

9 B. The Insurance Commissioner shall, within forty-five (45)
10 days of ~~receipt of a certification of~~ determining compliance or
11 ~~notice of deficiency from the State Commissioner of Health,~~ issue a
12 certificate of authority to a person filing a completed application
13 upon receipt of the prescribed fees and upon the Insurance
14 Commissioner's being satisfied that:

15 1. The persons responsible for the conduct of the affairs of
16 the applicant are competent and trustworthy, and possess good
17 reputations;

18 2. Any deficiency identified ~~by the State Commissioner of~~
19 ~~Health~~ has been corrected and ~~the State Commissioner of Health has~~
20 ~~certified to the Insurance Commissioner~~ has determined that the
21 health maintenance organization's proposed plan of operation meets
22 the requirements of Section 7 6907 of this ~~act~~ title;

23 3. The health maintenance organization will effectively provide
24 or arrange for the provision of basic health care services on a

1 prepaid basis, through insurance or otherwise, except to the extent
2 of reasonable requirements for copayments or deductibles, or both;
3 and

4 4. The health maintenance organization is in compliance with
5 the provisions of Sections ~~13~~ 6913 and ~~15~~ 6915 of this ~~act~~ title.

6 C. A certificate of authority shall be denied only after the
7 Insurance Commissioner complies with the requirements of Section ~~20~~
8 6920 of this act title. No other criteria may be used to deny a
9 certificate of authority.

10 SECTION 37. AMENDATORY 36 O.S. 2011, Section 6907, is
11 amended to read as follows:

12 Section 6907. A. Every health maintenance organization shall
13 establish procedures that ensure that health care services provided
14 to enrollees shall be rendered under reasonable standards of quality
15 of care consistent with prevailing professionally recognized
16 standards of medical practice. The procedures shall include
17 mechanisms to assure availability, accessibility and continuity of
18 care.

19 B. The health maintenance organization shall have an ongoing
20 internal quality assurance program to monitor and evaluate its
21 health care services, including primary and specialist physician
22 services and ancillary and preventive health care services across
23 all institutional and noninstitutional settings. The program shall
24 include, but need not be limited to, the following:

1 1. A written statement of goals and objectives that emphasizes
2 improved health status in evaluating the quality of care rendered to
3 enrollees;

4 2. A written quality assurance plan that describes the
5 following:

- 6 a. the health maintenance organization's scope and
7 purpose in quality assurance,
- 8 b. the organizational structure responsible for quality
9 assurance activities,
- 10 c. contractual arrangements, where appropriate, for
11 delegation of quality assurance activities,
- 12 d. confidentiality policies and procedures,
- 13 e. a system of ongoing evaluation activities,
- 14 f. a system of focused evaluation activities,
- 15 g. a system for credentialing and recredentialing
16 providers, and performing peer review activities, and
17 h. duties and responsibilities of the designated
18 physician responsible for the quality assurance
19 activities;

20 3. A written statement describing the system of ongoing quality
21 assurance activities including:

- 22 a. problem assessment, identification, selection and
23 study,

- 1 b. corrective action, monitoring, evaluation and
2 reassessment, and
- 3 c. interpretation and analysis of patterns of care
4 rendered to individual patients by individual
5 providers;

6 4. A written statement describing the system of focused quality
7 assurance activities based on representative samples of the enrolled
8 population that identifies method of topic selection, study, data
9 collection, analysis, interpretation and report format; and

10 5. Written plans for taking appropriate corrective action
11 whenever, as determined by the quality assurance program,
12 inappropriate or substandard services have been provided or services
13 that should have been furnished have not been provided.

14 C. The organization shall record proceedings of formal quality
15 assurance program activities and maintain documentation in a
16 confidential manner. Quality assurance program minutes shall be
17 available to the State Insurance Commissioner of Health.

18 D. The organization shall ensure the use and maintenance of an
19 adequate patient record system which will facilitate documentation
20 and retrieval of clinical information for the purpose of the health
21 maintenance organization's evaluating continuity and coordination of
22 patient care and assessing the quality of health and medical care
23 provided to enrollees.

1 E. Enrollee clinical records shall be available to the ~~State~~
2 Insurance Commissioner ~~of Health~~ or an authorized designee for
3 examination and review to ascertain compliance with this section, or
4 as deemed necessary by the ~~State~~ Insurance Commissioner ~~of Health~~.

5 F. The organization shall establish a mechanism for periodic
6 reporting of quality assurance program activities to the governing
7 body, providers and appropriate organization staff.

8 G. The organization shall be required to establish a mechanism
9 under which physicians participating in the plan may provide input
10 into the plan's medical policy including, but not limited to,
11 coverage of new technology and procedures, utilization review
12 criteria and procedures, quality, credentialing and recredentialing
13 criteria, and medical management procedures.

14 H. As used in this section "credentialing" or
15 "rec credentialing", as applied to physicians and other health care
16 providers, means the process of accessing and validating the
17 qualifications of such persons to provide health care services to
18 the beneficiaries of a health maintenance organization.
19 "Credentialing" or "rec credentialing" may include, but need not be
20 limited to, an evaluation of licensure status, education, training,
21 experience, competence and professional judgment. Credentialing or
22 rec credentialing is a prerequisite to the final decision of a health
23 maintenance organization to permit initial or continued
24 participation by a physician or other health care provider.

1 1. Physician credentialing and recredentialing shall be based
2 on criteria as provided in the uniform credentialing application
3 required by Section 1-106.2 of Title 63 of the Oklahoma Statutes,
4 with input from physicians and other health care providers.

5 2. Organizations shall make information on credentialing and
6 recredentialing criteria available to physician applicants and other
7 health care providers, participating physicians, and other
8 participating health care providers and shall provide applicants
9 with a checklist of materials required in the application process.

10 3. When economic considerations are part of the credentialing
11 and recredentialing decision, objective criteria shall be used and
12 shall be available to physician applicants and participating
13 physicians. When graduate medical education is a consideration in
14 the credentialing and recredentialing process, equal recognition
15 shall be given to training programs accredited by the Accrediting
16 Council on Graduate Medical Education and by the American
17 Osteopathic Association. When graduate medical education is
18 considered for optometric physicians, consideration shall be given
19 for educational accreditation by the Council on Optometric
20 Education.

21 4. Physicians or other health care providers under
22 consideration to provide health care services under a managed care
23 plan in this state shall apply for credentialing and recredentialing
24 on the uniform credentialing application and provide the

1 documentation as outlined by the plan's checklist of materials
2 required in the application process.

3 5. A health maintenance organization (HMO) shall determine
4 whether a credentialing or recredentialing application is complete.
5 If an application is determined to be incomplete, the plan shall
6 notify the applicant in writing within ten (10) calendar days of
7 receipt of the application. The written notice shall specify the
8 portion of the application that is causing a delay in processing and
9 explain any additional information or corrections needed.

10 6. In reviewing the application, the health maintenance
11 organization (HMO) shall evaluate each application according to the
12 plan's checklist of materials required in the application process.

13 7. When an application is deemed complete, the HMO shall
14 initiate requests for primary source verification and malpractice
15 history within seven (7) calendar days.

16 8. A malpractice carrier shall have twenty-one (21) calendar
17 days within which to respond after receipt of an inquiry from a
18 health maintenance organization (HMO). Any malpractice carrier that
19 fails to respond to an inquiry within the allotted time frame may be
20 assessed an administrative penalty by the State Insurance
21 Commissioner of Health.

22 9. Upon receipt of primary source verification and malpractice
23 history by the HMO, the HMO shall determine if the application is a
24 clean application. If the application is deemed clean, the HMO

1 shall have forty-five (45) calendar days within which to credential
2 or recredential a physician or other health care provider. As used
3 in this paragraph, "clean application" means an application that has
4 no defect, misstatement of facts, improprieties, including a lack of
5 any required substantiating documentation, or particular
6 circumstance requiring special treatment that impedes prompt
7 credentialing or recredentialing.

8 10. If a health maintenance organization is unable to
9 credential or recredential a physician or other health care provider
10 due to an application's not being clean, the HMO may extend the
11 credentialing or recredentialing process for sixty (60) calendar
12 days. At the end of sixty (60) calendar days, if the HMO is
13 awaiting documentation to complete the application, the physician or
14 other health care provider shall be notified of the delay by
15 certified mail. The physician or other health care provider may
16 extend the sixty-day period upon written notice to the HMO within
17 ten (10) calendar days; otherwise the application shall be deemed
18 withdrawn.

19 11. In no event shall the entire credentialing or
20 recredentialing process exceed one hundred eighty (180) calendar
21 days.

22 12. A health maintenance organization shall be prohibited from
23 solely basing a denial of an application for credentialing or
24 recredentialing on the lack of board certification or board

1 eligibility and from adding new requirements solely for the purpose
2 of delaying an application.

3 13. Any HMO that violates the provisions of this subsection may
4 be assessed an administrative penalty by the ~~State~~ Insurance
5 Commissioner ~~of Health~~.

6 I. Health maintenance organizations shall not discriminate
7 against enrollees with expensive medical conditions by excluding
8 practitioners with practices containing a substantial number of
9 these patients.

10 J. Health maintenance organizations shall, upon request,
11 provide to a physician whose contract is terminated or not renewed
12 for cause the reasons for termination or nonrenewal. Health
13 maintenance organizations shall not contractually prohibit such
14 requests.

15 K. No HMO shall engage in the practice of medicine or any other
16 profession except as provided by law nor shall an HMO include any
17 provision in a provider contract that precludes or discourages a
18 health maintenance organization's providers from:

19 1. Informing a patient of the care the patient requires,
20 including treatments or services not provided or reimbursed under
21 the patient's HMO; or

22 2. Advocating on behalf of a patient before the HMO.

23 L. Decisions by a health maintenance organization to authorize
24 or deny coverage for an emergency service shall be based on the

1 patient presenting symptoms arising from any injury, illness, or
2 condition manifesting itself by acute symptoms of sufficient
3 severity, including severe pain, such that a reasonable and prudent
4 layperson could expect the absence of medical attention to result in
5 serious:

- 6 1. Jeopardy to the health of the patient;
- 7 2. Impairment of bodily function; or
- 8 3. Dysfunction of any bodily organ or part.

9 M. Health maintenance organizations shall not deny an otherwise
10 covered emergency service based solely upon lack of notification to
11 the HMO.

12 N. Health maintenance organizations shall compensate a provider
13 for patient screening, evaluation, and examination services that are
14 reasonably calculated to assist the provider in determining whether
15 the condition of the patient requires emergency service. If the
16 provider determines that the patient does not require emergency
17 service, coverage for services rendered subsequent to that
18 determination shall be governed by the HMO contract.

19 O. If within a period of thirty (30) minutes after receiving a
20 request from a hospital emergency department for a specialty
21 consultation, a health maintenance organization fails to identify an
22 appropriate specialist who is available and willing to assume the
23 care of the enrollee, the emergency department may arrange for
24 emergency services by an appropriate specialist that are medically

1 necessary to attain stabilization of an emergency medical condition,
2 and the HMO shall not deny coverage for the services due to lack of
3 prior authorization.

4 P. The reimbursement policies and patient transfer requirements
5 of a health maintenance organization shall not, directly or
6 indirectly, require a hospital emergency department or provider to
7 violate the federal Emergency Medical Treatment and Active Labor
8 Act. If a member of an HMO is transferred from a hospital emergency
9 department facility to another medical facility, the HMO shall
10 reimburse the transferring facility and provider for services
11 provided to attain stabilization of the emergency medical condition
12 of the member in accordance with the federal Emergency Medical
13 Treatment and Active Labor Act.

14 SECTION 38. AMENDATORY 36 O.S. 2011, Section 6911, is
15 amended to read as follows:

16 Section 6911. A. Every health maintenance organization shall
17 establish and maintain a grievance procedure that has been approved
18 by the Insurance Commissioner, ~~after consultation with the State~~
19 ~~Commissioner of Health,~~ to provide for the resolution of grievances
20 initiated by enrollees. Such grievance procedure shall be approved
21 by the Insurance Commissioner within thirty (30) days of submission.
22 The health maintenance organization shall maintain a record of
23 grievances received since the date of its last examination of
24 grievances.

1 B. The Insurance Commissioner ~~or the State Commissioner of~~
2 ~~Health~~ may examine the grievance procedures.

3 C. Health maintenance organizations shall comply with the
4 requirements of an insurer as set out in Sections 1250.1 through
5 1250.16 of ~~Title 36 of the Oklahoma Statutes~~ this title.

6 SECTION 39. AMENDATORY 36 O.S. 2011, Section 6919, is
7 amended to read as follows:

8 Section 6919. A. The Insurance Commissioner may make an
9 examination of the affairs of any health maintenance organization,
10 producers and providers with whom the organization has contracts,
11 agreements or other arrangements pursuant to the provisions of
12 Sections 309.1 through 309.7 of ~~Title 36 of the Oklahoma Statutes~~
13 this title.

14 B. The ~~State~~ Insurance Commissioner ~~of Health~~ may require a
15 health maintenance organization to contract for an examination
16 concerning the quality assurance program of the health maintenance
17 organization and of any providers with whom the organization has
18 contracts, agreements or other arrangements as often as is
19 reasonably necessary for the protection of the interests of the
20 people of this state, but not less frequently than once every three
21 (3) years.

22 C. Every health maintenance organization and provider shall
23 submit its books and records for examination and in every way
24 facilitate the completion of an examination. For the purpose of an

1 examination, the Insurance Commissioner ~~and the State Commissioner~~
2 ~~of Health~~ may administer oaths to, and examine the officers and
3 agents of the health maintenance organization and the principals of
4 the providers concerning their business.

5 D. Any health maintenance organization examined shall pay the
6 proper charges incurred in such examination, including the actual
7 expense of the Insurance Commissioner ~~or State Commissioner of~~
8 ~~Health~~ or the expenses and compensation of any authorized
9 representative and the expense and compensation of assistants and
10 examiners employed therein. All expenses incurred in such
11 examination shall be verified by affidavit and a copy shall be filed
12 in the office of the Insurance Commissioner ~~or the State~~
13 ~~Commissioner of Health~~.

14 E. In lieu of an examination, the Insurance Commissioner ~~or~~
15 ~~State Commissioner of Health~~ may accept the report of an examination
16 made by the health maintenance organization regulatory entity of
17 another state.

18 SECTION 40. AMENDATORY 36 O.S. 2011, Section 6920, is
19 amended to read as follows:

20 Section 6920. A. A certificate of authority issued under the
21 Health Maintenance Organization Act of 2003 may be suspended or
22 revoked, and an application for a certificate of authority may be
23 denied, if the Insurance Commissioner finds that any of the
24 following conditions exist:

1 1. The health maintenance organization (HMO) is operating
2 significantly in contravention of its basic organizational document
3 or in a manner contrary to that described in any other information
4 submitted under Section ~~3~~ 6903 of this ~~act~~ title, unless amendments
5 to those submissions have been filed with and approved by the
6 Insurance Commissioner;

7 2. The health maintenance organization issues an evidence of
8 coverage or uses a schedule of charges for health care services that
9 does not comply with the requirements of Sections ~~8~~ 6908 and ~~16~~ 6916
10 of this ~~act~~ title;

11 3. The health maintenance organization does not provide or
12 arrange for basic health care services;

13 4. ~~The State Commissioner of Health certifies to the~~ Insurance
14 Commissioner determines that:

- 15 a. the health maintenance organization does not meet the
16 requirements of Section ~~7~~ 6907 of this ~~act~~ title, or
17 b. the health maintenance organization is unable to
18 fulfill its obligations to furnish health care
19 services;

20 5. The health maintenance organization is no longer financially
21 responsible and may reasonably be expected to be unable to meet its
22 obligations to enrollees or prospective enrollees;

23 6. The health maintenance organization has failed to correct,
24 within the time frame prescribed by subsection C of this section,

1 any deficiency occurring due to the health maintenance
2 organization's prescribed minimum net worth being impaired;

3 7. The health maintenance organization has failed to implement
4 the grievance procedures required by Section ~~44~~ 6911 of this ~~act~~
5 title in a reasonable manner to resolve valid complaints;

6 8. The health maintenance organization, or any person on its
7 behalf, has advertised or merchandised its services in an untrue,
8 misrepresentative, misleading, deceptive or unfair manner;

9 9. The continued operation of the health maintenance
10 organization would be hazardous to its enrollees or to the public;
11 or

12 10. The health maintenance organization has otherwise failed to
13 comply with the provisions of the Health Maintenance Organization
14 Act of 2003, or applicable rules promulgated by the Insurance
15 Commissioner pursuant thereto, ~~or rules promulgated by the State~~
16 ~~Board of Health pursuant to the provisions of Section 7 of the~~
17 ~~Health Maintenance Organization Act of 2003.~~

18 B. In addition to or in lieu of suspension or revocation of a
19 certificate of authority pursuant to the provisions of this section,
20 an applicant or health maintenance organization who knowingly
21 violates the provisions of this section may be subject to an
22 administrative penalty of Five Thousand Dollars (\$5,000.00) for each
23 occurrence.

24

1 C. The following shall apply when insufficient net worth is
2 maintained:

3 1. Whenever the Insurance Commissioner finds that the net worth
4 maintained by any health maintenance organization subject to the
5 provisions of this act is less than the minimum net worth required
6 to be maintained by Section ~~13~~ 6913 of this ~~act~~ title, the Insurance
7 Commissioner shall give written notice to the health maintenance
8 organization of the amount of the deficiency and require filing with
9 the Insurance Commissioner a plan for correction of the deficiency
10 that is acceptable to the Insurance Commissioner, and correction of
11 the deficiency within a reasonable time, not to exceed sixty (60)
12 days, unless an extension of time, not to exceed sixty (60)
13 additional days, is granted by the Insurance Commissioner. A
14 deficiency shall be deemed an impairment, and failure to correct the
15 impairment in the prescribed time shall be grounds for suspension or
16 revocation of the certificate of authority or for placing the health
17 maintenance organization in conservation, rehabilitation or
18 liquidation; or

19 2. Unless allowed by the Insurance Commissioner, no health
20 maintenance organization or person acting on its behalf may,
21 directly or indirectly, renew, issue or deliver any certificate,
22 agreement or contract of coverage in this state, for which a premium
23 is charged or collected, when the health maintenance organization
24 writing the coverage is impaired, and the fact of impairment is

1 known to the health maintenance organization or to the person;
2 provided, however, the existence of an impairment shall not prevent
3 the issuance or renewal of a certificate, agreement or contract when
4 the enrollee exercises an option granted under the plan to obtain a
5 new, renewed or converted coverage.

6 D. A certificate of authority shall be suspended or revoked or
7 an application or a certificate of authority denied or an
8 administrative penalty imposed only after compliance with the
9 requirements of this section.

10 1. Suspension or revocation of a certificate of authority,
11 denial of an application, or imposition of an administrative penalty
12 by the Insurance Commissioner, pursuant to the provisions of this
13 section, shall be by written order and shall be sent to the health
14 maintenance organization or applicant by certified or registered
15 mail ~~and to the State Commissioner of Health.~~ The written order
16 shall state the grounds, charges or conduct on which the suspension,
17 revocation or denial or administrative penalty is based. The health
18 maintenance organization or applicant may, in writing, request a
19 hearing within thirty (30) days from the date of mailing of the
20 order. If no written request is made, the order shall be final upon
21 the expiration of thirty (30) days.

22 2. If the health maintenance organization or applicant requests
23 a hearing pursuant to the provisions of this section, the Insurance
24 Commissioner shall issue a written notice of hearing and send such

1 notice to the health maintenance organization or applicant by
2 certified or registered mail ~~and to the State Commissioner of Health~~
3 stating:

4 a. a specific time for the hearing, which may not be less
5 than twenty (20) nor more than thirty (30) days after
6 mailing of the notice of hearing, and

7 b. that any hearing shall be held at the office of the
8 Insurance Commissioner.

9 ~~If a hearing is requested, the State Commissioner of Health or a~~
10 ~~designee shall be in attendance and shall participate in the~~
11 ~~proceedings. The recommendations and findings of the State~~
12 ~~Commissioner of Health with respect to matters relating to the~~
13 ~~quality of health care services provided in connection with any~~
14 ~~decision regarding denial, suspension or revocation of a certificate~~
15 ~~of authority, shall be conclusive and binding upon the Insurance~~
16 ~~Commissioner.~~ After the hearing, or upon failure of the health
17 maintenance organization to appear at the hearing, the Insurance
18 Commissioner shall take whatever action is deemed necessary based on
19 written findings. The Insurance Commissioner shall mail the
20 decision to the health maintenance organization or applicant ~~and a~~
21 ~~copy to the State Commissioner of Health.~~

22 E. The provisions of the Administrative Procedures Act shall
23 apply to proceedings under this section to the extent they are not
24

1 in conflict with the provisions of Section 313 of ~~Title 36 of the~~
2 ~~Oklahoma Statutes~~ this title.

3 F. If the certificate of authority of a health maintenance
4 organization is suspended, the health maintenance organization shall
5 not, during the period of suspension, enroll any additional
6 enrollees except newborn children or other newly acquired dependents
7 of existing enrollees, and shall not engage in any advertising or
8 solicitation whatsoever.

9 G. If the certificate of authority of a health maintenance
10 organization is revoked, the HMO shall proceed, immediately
11 following the effective date of the order of revocation, to wind up
12 its affairs and shall conduct no further business except as may be
13 essential to the orderly conclusion of the affairs of the
14 organization. The HMO shall engage in no further advertising or
15 solicitation whatsoever. The Insurance Commissioner may, by written
16 order, permit further operation of the HMO if found to be in the
17 best interests of enrollees, to the end that enrollees will be
18 afforded the greatest practical opportunity to obtain continuing
19 health care coverage.

20 SECTION 41. AMENDATORY 36 O.S. 2011, Section 6929, is
21 amended to read as follows:

22 Section 6929. The ~~State~~ Insurance Commissioner ~~of Health~~, in
23 carrying out his or her obligations under the Health Maintenance
24 Organization Act of 2003, may contract with qualified persons to

1 make recommendations concerning the determinations required to be
2 made by the ~~State~~ Insurance Commissioner ~~of Health~~. The
3 recommendations may be accepted in full or in part by the ~~State~~
4 Insurance Commissioner ~~of Health~~. The ~~State~~ Insurance Commissioner
5 ~~of Health~~ shall adopt procedures to ensure that such persons are not
6 subject to a conflict of interest that would impair their ability to
7 make recommendations in an impartial manner.

8 SECTION 42. REPEALER 36 O.S. 2011, Sections 1435.40, as
9 amended by Section 1, Chapter 23, O.S.L. 2016 (36 O.S. Supp. 2020,
10 Section 1435.40), 1612.1, 6221 and 6522, are hereby repealed.

11 SECTION 43. This act shall become effective November 1, 2021.

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