

RULE IMPACT STATEMENT

1. RULE

Proposed PERMANENT rules:

Subchapter 1.	General Provisions
Part 1.	General Provisions
365:10-1-13.	Notification required upon rejection [REVOKED]
365:10-1-15.	Eliminating unfair discrimination on basis of children as single applicants [REVOKED]
Subchapter 3.	Advertising
Part 1.	Accident and Health Insurance
365:10-3-3.	Definitions [AMENDED]
Part 3.	Life Insurance Advertising
365:10-3-31.	Definitions [AMENDED]
Subchapter 9.	Annuities
Part 1.	New Annuity Mortality Table For Use in Determining Reserve Liabilities For Annuities
365:10-9-1.	Purpose [AMENDED]
365:10-9-2.	Definitions [AMENDED]
365:10-9-3.	Individual annuity or pure endowment contracts [AMENDED]
365:10-9-3.1.	Application of the 2012 IAR Mortality Table [NEW]
Subchapter 31.	Navigators and Navigator Entities [NEW]
365:10-31-1.	Purpose [NEW]
365:10-31-2.	Scope [NEW]
365:10-31-3.	Authority [NEW]
365:10-31-4.	Individual navigator registration application, registration renewals, fees, and civil penalties [NEW]
365:10-31-5.	Navigator entity registration application, registration renewals, fees, and civil penalties [NEW]
365:10-31-6.	Individual navigator requirements [NEW]
365:10-31-7.	Navigator entity requirements [NEW]
Appendix WW.	2012 IAM Period Table, Female, Age Nearest Birthday [NEW]
Appendix XX.	2012 IAM Period Table, Male, Age Nearest Birthday [NEW]
Appendix YY.	Projection Scale G2, Female, Age Nearest Birthday [NEW]
Appendix ZZ.	Projection Scale G2, Male, Age Nearest Birthday [NEW]

2. PURPOSE

365:10-1-13 is revoked because the rule no longer has a statutory basis. 36 O.S. § 4509.2(C) was amended in 2014 to delete this requirement set out in the rule. Furthermore, 36 O.S. § 6533 was amended in 2014 to prohibit the issuance of health insurance through the Oklahoma Health Insurance High Risk Pool effective June, 2014, and all coverage terminated December 31, 2014. 365:10-1-15 is revoked because it is no longer necessary. Federal law no longer permits a health insurance carrier to deny coverage to an applicant of any age on the basis of pre-existing conditions. 365:10-3-3 and 365:10-3-31 are amended to include social media in the definition of advertisement. These two rules are also amended to correct formatting and numbering errors. An amendment to 365:10-3-31 also corrects a spelling error.

The amendments in Subchapter 9 address the National Association of Insurance

Commissioners' December 2012 adoption of the revised Model Rule for Recognizing a New Annuity Mortality Table for Use in Determining Reserve Liabilities for Annuities. The revised model adds the 2012 Individual Annuity Reserving Mortality Table (2012 IAR Mortality Table). The amendments include (1) adding the 2012 IAR Mortality Table to the list of recognized mortality tables; (2) adding definitions for Period Table, Generational Mortality Table, 2012 IAR Mortality Table, 2012 IAM Period Table, and Projection Scale G2; and (3) establishing when and how the 2012 IAR Mortality Table may be used. Four new appendices (WW, XX, YY, and ZZ) are added to reflect these changes.

In 2014, the regulation of navigators and navigator entities was placed under the authority of the Insurance Commissioner with the passage of HB 3286. Subchapter 31 sets out the rules to implement the provisions of that law, now codified in 36 O.S. §§ 1415.2-1415.5. Sections 1-3 set out the purpose, scope, and authority for the new rules. 365:10-31-4 sets out the process for individual navigators to register with the Oklahoma Insurance Department, required background checks, required fees, and the procedure in the event of a denial of a registration application. 365:10-31-5 sets out the process for navigator entities to register with the Oklahoma Insurance Department, required fees, and the procedure in the event of a denial of a registration application. 365:10-31-6 sets out the record keeping requirements for individual navigators and guidelines for dealing with private consumer information. 365:10-31-7 sets out the record keeping requirements for navigator entities and required reporting to the Commissioner.

3. CLASSES AFFECTED:

- A. Life & Health insurers
- B. Consumers
- C. Navigators and navigator entities

4. COST IMPACTS ON PRIVATE OR PUBLIC ENTITIES:

No information

5. CLASSES BENEFITTED:

- A. Life & Health insurers
- B. Consumers
- C. Consumers seeking insurance coverage on the federally-facilitated exchange

6. ECONOMIC IMPACT:

Unknown

7. PROBABLE COST TO AGENCY AND EFFECT ON STATE REVENUES:

Minimal costs to the Insurance Department will be offset by the small fees collected for navigator and navigator entity registrations.

8. SOURCE OF REVENUE:

Normal yearly budgeted funds

9. MEASURES TAKEN TO MINIMIZE COMPLIANCE COSTS:

None

10. EFFECT ON THE PUBLIC HEALTH, SAFETY AND ENVIRONMENT:

Unknown

11. LESS COSTLY/LESS INTRUSIVE METHODS:

Unknown

12. EFFECT ON PUBLIC HEALTH, SAFETY AND ENVIRONMENT IF RULE NOT IMPLEMENTED:

If the rules are not implemented, the Insurance Department has no guidance for the registration of navigators and navigator entities.

13. EFFECT ON SMALL BUSINESS

Implementation of the proposed rule will not have an adverse effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act.

14. DATE PREPARED:

February 2, 2015