

RULE IMPACT STATEMENT

1. RULE

Proposed PERMANENT rules:

Title 365.	Insurance Department
Chapter 10.	Life, Accident and Health
Subchapter 1.	General Provisions
Part 1.	General Provisions
365:10-1-14.	Notice of Withdrawal or Discontinuance of Writing [NEW]
Subchapter 5.	Minimum Standards; Contract Guidelines
Part 1.	Minimum Standards and Benefits for Accident and Health Insurance
365:10-5-9.	Disclosure of Reasonable Charge Determination [NEW]
Part 5.	Long-Term Care Insurance
365:10-5-45.1	Reporting requirements [AMENDED]
365:10-5-55.	Availability of New Services or Providers [AMENDED]
Part 17.	Actuarial Opinion and Memorandum Regulation
365:10-5-177.	Description of actuarial memorandum including an asset adequacy analysis [AMENDED]
Subchapter 15.	Utilization Review Regulations
365:10-15-2.	Private review agents [AMENDED]
Subchapter 17.	Valuation of Life Insurance Policies Regulation (Including the Introduction and Use of New Select Mortality Factors)
365:10-17-4.	General calculation requirements for basic reserves and premium deficiency reserves [AMENDED]
Subchapter 25.	Regulation Permitting the Recognition of Preferred Mortality Tables for Use in Determining Minimum Reserve Liabilities
365:10-25-4.	2001 CSO Preferred Class Structure Table [AMENDED]
365:10-25-5.	Conditions [AMENDED]
Appendix CC.	Long-Term Care Insurance Claims Denial Reporting Form [AMENDED]

2. PURPOSE

The new Section 365:10-1-14 provides notice requirements for an insurer who desires to withdraw from writing insurance in Oklahoma.

The new Section 365:10-5-9 provides disclosure requirements for contracts or certificates of insurance which base payment for health care services, procedures or supplies on a determination of average area charges for those services, procedures or supplies. The new section also defines “average area charge” and provides requirements for the disclosure.

The amendment to Section 365:10-5-45.1 adds the definitions of “claim”, “denied” and “report” to the existing language as a result of the adoption of these amendments by the National Association of Insurance Commissioners.

The amendment to Section 365:10-5-55 changes the effective date of the section to July 14, 2009 in order to update the reference to the effective date.

The amendment to Section 365:10-5-177 clarifies a requirement of the regulatory asset adequacy issues summary.

The amendment to Section 365:10-15-2 updates the statutory reference for health maintenance organizations to reflect the relevant health maintenance organization sections of law within Title 36 of the Oklahoma Statutes.

The amendment to Section 365:10-17-4 deletes requirements for which certain select mortality factors are subject; specifically that the percentage not be less than twenty percent (20%) and that the percentage not decrease in any successive policy years. The amendment also adds the requirement of disclosure by the actuary if the percentage is less than one hundred percent (100%) at any duration for any policy. The actuary shall disclose the impact of the insufficiency of assets to support payment of benefits and expenses and the establishment of statutory reserves during one or more interim periods.

The amendment to Section 365:10-25-4 allows for the substitution of the 2001 CSO Preferred Class Structure Mortality Table and 2001 CSO Smoker or Nonsmoker Mortality Table as the minimum valuation standard for policies with the consent of the Commissioner subject to the conditions set forth in 365:10-25-5. Section 365:10-25-5 is amended to prohibit the use of the 2001 CSO Preferred Class Structure Table for the valuation of policies issued prior to January 1, 2007 if particular frequencies of modes of payment of the reinsurance premium exist.

The amendment to Appendix CC adds the manner of reporting long-term care denials to the instruction sections section of the appendix. The amendment specifies what is not included in the definition of a “denied” claim and adds a field to the form regarding the total number of In-force Policies as of the end of the year. These amendments are the result of adoptions by the National Association of Insurance Commissioners.

3. CLASSES AFFECTED:

- A. Insurers filing rates and forms
- B. Life and health insurers
- C. Life and health insurance producers
- D. Domestic insurers
- E. Foreign insurers

4. COST IMPACTS ON PRIVATE OR PUBLIC ENTITIES:

No information

5. CLASSES BENEFITTED:

- A. Insurers filing rates and forms
- B. Life and health insurers
- C. Life and health insurance producers
- D. Domestic insurers
- E. Foreign insurers
- F. Consumers

6. ECONOMIC IMPACT:

Unknown

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

None Anticipated

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:

Unknown

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:

January 15, 2010