

## RULE IMPACT STATEMENT

### 1. RULE

#### Proposed PERMANENT rules:

Title 365.	Insurance Department
Chapter 15.	Property and Casualty
Subchapter 1.	General Provisions
365:15-1-3.	Property and Casualty Form Filings [AMENDED]
365:15-1-18.	Withdrawal or Discontinue Writing [AMENDED]
365:15-1-22.	Processing Fee for Affidavit of Exempt Status [REVOKED]
Subchapter 7.	Property and Casualty Competitive Loss Cost Rating Regulations
365:15-7-3.	Property and Casualty Rate, Loss Cost and Manual Rule Filings [AMENDED]
365:15-7-16.	Statistical Plans [AMENDED]
365:15-7-31.	Withdrawal or Discontinue Writing [AMENDED]
365:15-7-32.	Use of "A" Rates [AMENDED]
Subchapter 9.	Medical Professional Liability Rate Setting
365:15-9-3.	Notice to Policyholders [AMENDED]
365:15-9-10.	Property and Casualty Rate, Loss Cost and Manual Rule Filings [AMENDED]
365:15-9-18.	Statistical Plans [AMENDED]
365:15-9-22.	Withdrawal or Discontinue Writing [NEW]
Appendix D.	Format for Notification to Policyholders of Application for Rate Change [AMENDED]

### 2. PURPOSE

The amendment to Section 365:15-1-3 removes a paragraph exempting filing fees for certain transactions, such as error corrections and changes in company logos for approved filings since all filings are required to be submitted electronically. The amendment also requires electronic filings through the System for Electronic Rate and Form Filing (SERFF) pursuant to SERFF General Instructions. The amendment changes the requirement for filing two (2) copies with the Insurance Department to filing one (1) copy. Notices of action taken by the Insurance Commissioner shall also be through the SERFF. The amendment also provides that extended reporting period options are not required to be offered if a policy is cancelled for nonpayment of premium or a material misrepresentation or fraud, so long as this is stated in the policy.

The amendment to Section 365:15-1-18 removes the reference to the State Board of Property and Casualty Rates and replaces it with the Rate and Form Compliance Division of the Insurance Department. The amendment also adds transferring policyholders between admitted companies within the same insurance holding company system to the provisions relating to withdrawal or discontinuation of writing insurance and provides that the ninety (90) days notice period is inclusive of any other notice requirement per line of business.

Section 365:15-1-22 is being revoked because of the online availability of the Affidavit

of Exempt Status. As a result of online availability, the printing and mailing provision has made collection of the minimal fee more costly than originally intended by the rule.

The amendment to Section 365:15-7-3 removes a subsection exempting filing fees for certain transactions, such as error corrections since all filings are required to be submitted electronically and exempting these filing fees is unnecessary. The amendment also formalizes a bulletin that was previously issued by the Insurance Department by requiring electronic filings through the System for Electronic Rate and Form Filing (SERFF) pursuant to SERFF General Instructions. The amendment changes the requirement for filing two (2) copies with the Insurance Department to filing one (1) copy. Notices of action taken by the Insurance Commissioner shall also be through the SERFF.

The amendment to Section 365:15-7-16 clarifies existing statutes in Title 36 of the Oklahoma Statutes and existing regulations pertaining to statistical plans and statistical agents.

The amendment to Section 365:15-7-31 removes the reference to the State Board of Property and Casualty Rates and replaces it with the Rate and Form Compliance Division of the Insurance Department. The amendment also adds transferring policyholders between admitted companies within the same insurance holding company system to the provisions relating to withdrawal or discontinuation of writing insurance and provides that the ninety (90) days notice period is inclusive of any other notice requirement per line of business.

The amendment to Section 365:15-7-32 clarifies the application of the rules and that “a” rate filings are still use and file rather than prior approval. The amendment also requires that the justification statement be filed within thirty (30) days of the use of the rule and rate.

The amendment to Section 365:15-9-3 removes unnecessary language due to existing statutory language in Section 6821(C) of Title 36 of the Oklahoma Statutes.

The amendment to Section 365:15-9-10 removes a subsection exempting filing fees for certain transactions, such as error corrections since all filings are required to be submitted electronically and exempting these filing fees is unnecessary. The amendment also formalizes a bulletin that was previously issued by the Insurance Department by requiring electronic filings through the System for Electronic Rate and Form Filing (SERFF) pursuant to SERFF General Instructions. The amendment changes the requirement for filing two (2) copies with the Insurance Department to filing one (1) copy. Notices of action taken by the Insurance Commissioner shall also be through the SERFF.

The amendment to Section 365:15-9-18 clarifies existing statutes in Title 36 of the Oklahoma Statutes and existing regulations pertaining to statistical plans and statistical agents.

The new Section 365:15-9-22 adds provisions regarding the withdrawal or discontinue writing of medical malpractice insurance or programs in Oklahoma. This new section requires medical malpractice insurance carriers to notify the Insurance Department so that the Insurance Department may monitor which companies within the state are currently offering medical malpractice coverage.

Appendix D is being amended to reflect that approvals of increases must be on a percentage basis rather than seeking approvals based on a rate change and to reflect that the form should be submitted to the Rate and Form Compliance Division of the Insurance Department.

**3. CLASSES AFFECTED:**

- A. Insurers filing rates and forms
- B. Property and casualty insurers
- C. Advisory Organizations
- D. Medical professional liability insurers

**4. COST IMPACTS ON PRIVATE OR PUBLIC ENTITIES:**

No information

**5. CLASSES BENEFITTED:**

- A. Insurers filing rates and forms
- B. Property and casualty insurers
- C. Advisory organizations
- D. Medical professional liability insurers

**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