

OKLAHOMA LEGISLATURE

**First Regular Session of the 52nd Legislature of the State of Oklahoma
2010**

SUMMARY OF INSURANCE & RELATED LEGISLATION

The following summary is a description of legislation for informational purposes only. It is not a statement of policy by the Oklahoma Insurance Department, is not binding on the Department in any way and should not be relied upon as the basis of any action.

ENROLLED SENATE BILL 2054

By State Senator Bill Brown and State Representative Dan Sullivan

SECTION 1

Section 1 of SB2054 allows the Commissioner to require regulated entities to submit filings and other required documents electronically.

SECTION 2

Section 2 of SB2054 clarifies that confidential information that is shared by the Department with other state insurance departments, remains confidential regardless of whether or not the information is generated or received.

SECTION 3

Section 3 of SB2054 makes clerical corrections to sections of law controlling the operation of the Commissioner's Revolving Fund. This section also amends statute to reflect the current process of collection of fees, and deposits into the State Treasury (clean up language).

SECTION 4

Section 4 of SB2054 corrects a clerical error in statute regarding the timing of submissions of audited financial reports by insurers. Insurers are required to file audited financial reports beginning with years ending December 31, 2010.

SECTION 5

Section 5 of SB2054 amends current statute to change the name of unauthorized insurers, who are authorized to sell surplus lines insurance. These insurers will be referred to in statute as surplus lines insurers.

SECTION 6

Section 6 of SB2054 amends current statute to reflect the current fee distribution to the Department and the General Revenue Fund (GRF-76.5%, OID-23.5%). This distribution was as a result of SB1275 from the 2009 legislative session.

SECTION 7

Section 7 of SB2054 removes the fee of \$2.50 for the Affidavit of Exempt Status for Worker's Compensation. The affidavit is available free of charge on the Department's website.

SECTION 8

Section 8 of SB2054 provides clerical/grammatical corrections to existing statute.

SECTION 9

Section 9 of SB2054 removes the exemption from filing and review, for commercial lines insurance risks which are not rated according to manuals, rating plans, or schedules including "a" rates. This section also adds equipment breakdown to the list of special risks.

SECTIONS 10-22

Sections 10-22 of SB2054 amend current statute to change the name of unauthorized insurers, who are authorized to sell surplus lines insurance. These insurers will be referred to in statute as surplus lines insurers.

SECTION 23

Section 23 of SB2054 adds advisory boards and advisory organizations to the list of those required to make loss runs or claims histories available to current and former policyholders.

SECTION 24

Section 24 of SB2054 clarifies that insurers must respond to all inquiries by the Commissioner. This section also changes from 20 to 30, the number of days in which an insurer has to respond to either the Commissioner or an insured. As part of this change,

e-mail communications and documented voice communications from consumers to insurers are permissible.

SECTION 25

Section 25 of SB2054 removes the requirement that TPAs must file a financial report that was prepared by an independent CPA, and requires that the financial report must be reviewed by a CPA.

SECTION 26

Section 26 of SB2054 allows a non resident life or accident and health insurance broker applicant to receive an Oklahoma license if they are licensed and in good standing in their home state, and if their home state awards nonresident licenses to residents of Oklahoma on the same basis.

SECTION 27

Section 27 of SB2054 amends current provisions of the Genetic Nondiscrimination in Insurance Act to conform with federal changes to the Genetic Nondiscrimination in Insurance Act.

SECTION 28

Section 28 of SB2054 amends current statute to change the name of unauthorized insurers, who are authorized to sell surplus lines insurance. These insurers will be referred to in statute as surplus lines insurers.

SECTION 29

Section 29 of SB2054 removes the reimbursement limitation for mammography screening. This section also consolidates the definition of a health benefit plan to one section in law. See Section 33 summary.

SECTIONS 30-32

Sections 30-32 of SB2054 consolidate the definition of a health benefit plan to one section in law. See Section 33 summary.

SECTION 33

Section 33 of SB2054 clarifies the definition of a health benefit plan. This also clarifies that limited benefit plans are not subject to specific benefit mandates. These plans are individual limited benefit plans such as, dental or vision care plans, hospital confinement indemnity plans, disability income insurance plans or a combination of accident-only and disability income insurance plans.

SECTIONS 34-35

Sections 34-35 of SB2054 consolidate the definition of a health benefit plan to one section in law. See Section 33 summary.

SECTION 36

Section 36 of SB2054 allows for dental practitioner judgment for hospitalization coverage for general anesthesia for children 4 and under. This section also consolidates the definition of a health benefit plan to one section in law. See Section 33 summary.

SECTIONS 37-41

Sections 37-41 of SB2054 consolidate the definition of a health benefit plan to one section in law. See Section 33 summary.

SECTION 42

Section 42 of SB2054 amends current provisions of the insurance code to conform to federal changes for mental health parity.

SECTIONS 43-46

Sections 43-46 of SB2054 close the Oklahoma Small Employer Health Reinsurance Program (OSEHRP). This is due to a request by the OSEHRP board that the program be sunset because of a lack of need and a lack of utilization of the program.

SECTION 47

Section 48 of SB2054 corrects references in statute to reflect the current registration fee of \$400 for Service Warranty Companies (the fee was changed during the 2009 legislative session). This section also requires service warranty companies that qualify for certain exclusions of the act to file audited financial statements in order to qualify for the exclusion.

SECTION 48

Section 48 of SB2054 corrects references in statute to reflect the current registration fee of \$400 for Service Warranty Companies (the fee was changed during the 2009 legislative session).

SECTION 49

Section 49 of SB2054 makes a clerical correction to the date by which service warranty companies must file financial statements with the Commissioner. The financial

statements are due the first day of May. This section also clarifies that gross written premiums are to be reported. The last change to this section clarifies that service warranty companies which obtain contract liability insurance policies, must obtain policies that will cover 100% of the contracts that are written, and must meet other requirements. This change is not a new requirement of the Department, but reflects current practice and regulations.

SECTION 50

Section 50 of SB2054 makes a clerical correction to Section 6620 of Title 36. The section incorrectly referenced an inapplicable section of law.

SECTION 51

Section 51 of SB2054 makes a clerical correction to the Medical Professional Liability Insurance Closed Claim Reports Act. The correction adds the applicability section to the Medical Professional Liability Insurance Closed Claim Reports Act, which was inadvertently omitted when the act was amended during the 2009 legislative session.

SECTION 52

Section 52 of SB2054 changes the due date for medical professional liability insurance policy closed claim reports. The reports will be due April 1, for the previous calendar year.

SECTIONS 53-54

Sections 53-54 of SB2054 amend current statutes to provide a mechanism for Professional Employer Organizations to use third party assurance organizations to meet registration and filing requirements.

SECTION 55

Section 55 of SB2054 adds a duplicate license fee of \$25.00 for a Bondsman duplicate license.

SECTION 56

Section 56 of SB2054 makes a clerical correction to the dates which determine net worth requirements for bondsman. The date is November 1, 2006, and was inadvertently changed during the 2009 legislative session.

SECTION 57

Section 57 of SB2054 adds requirements for a bondsman's license to be renewed, the bondsman must:

- file all outstanding monthly bail reports
- pay any outstanding fines or monthly report reviewal fees owed to the Commissioner, and
- respond to a current order issued by the Commissioner.

This section also increases the range of penalties for violations, from \$100 - \$1000 to \$250 - \$2500.

SECTION 58

Section 58 of SB2054 makes clerical/grammatical corrections to Title 36 Section 1314. This section also removes the requirement for notarized reports to allow for electronic processing of reports.

SECTION 59

Section 59 of SB2054 amends the current restrictions on those who may obtain a benefit directly or indirectly from a bondsman's premium. This statute will allow employees who work at restaurants or other establishments where alcohol may be served to obtain a benefit (such as marriage or close family relations) directly or indirectly from a bondsman's premium.

SECTION 60

Section 60 of SB2054 requires the Commissioner to suspend the appointment of all bail agents of an insurer, if an insurer surrenders their bail surety line of authority, or has this line of authority suspended or revoked. This is the same requirement applied to a professional bondsman.

SECTION 61

Section 61 of SB2054 allows the Commissioner to cancel a bail surety appointment if the license of the bondsman is suspended, revoked or non-renewed.

SECTION 62

Section 62 of SB2054 requires a bondsman to file a copy of the mortgage or deed (which is taken as collateral) with the filed bond, within thirty (30) days of receipt of the mortgage or deed. This requirement may be extended or waived by the Commissioner.

SECTION 63

Section 63 of SB2054 repeals Title 11, Section 29-205, which required copies of volunteer fire department ordinances to be submitted to the Commissioner. This section

is repealed because very few ordinances are filed, and the Commissioner has no regulatory authority regarding the ordinances.

SECTION 64

Section 64 of SB2054 repeals Title 36, Sections 6520, 6521, 6523 and 6525. These sections are repealed because of the closing of the Oklahoma Small Employer Health Reinsurance Program. See the summary for sections 44 – 47.

SECTION 65

Section 65 of SB2054 is a cleanup provision which repeals the former version of Title 36, Section 6608. This version is repealed because of the most recent version that became effective on November 1, 2009.

SECTION 66

Section 66 of SB2054 provides an effective date of November 1, 2010.