

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

HOUSE BILL NO. 2623

By: Cox

AS INTRODUCED

An Act relating to insurance; providing that a group or combination of persons that meet certain conditions shall not be considered a fictitious group; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 6001.1 of Title 36, unless there is created a duplication in numbering, reads as follows:

A group or combination of persons or risks shall not be considered a fictitious group if the conditions provided in this section are met:

1. The group shall have been in existence for at least five (5) years prior to the purchase of the intended group plan of insurance or conclusive proof submitted to the Insurance Commissioner that such group was not organized primarily for the purpose of purchasing insurance;

2. The group shall have a highly reasonable degree of homogeneity, including, but not limited to, members of incorporated or unincorporated associations, labor unions, regardless of

employment by more than a single employer, employees of a common employer, or persons in similar, principal-agent relationships;

3. Eligible members of the group shall be persons in good standing in the group. In the case of employees, such employees should be engaged in active employment of the employer of the group for not less than thirty (30) hours each week, or shall be on a pension with that respective employer or be the surviving spouse of a deceased pensioner;

4. Group underwriting standards shall be applied consistently throughout the group;

5. Coverage shall be available to all eligible members and the individual members of their family, who are members of their immediate household; but no prospective employee or employee already employed shall be required to participate as a condition of employment;

6. The experience of other similar groups within the state and insured by the same carrier shall not be combined for the purpose of determining rates;

7. Policies issued to members of such groups shall provide no more restrictive insuring agreements and conditions than those of policies available to the individual purchaser from the same insurer, and such groups shall be provided with the option to select a policy with such limits of coverage as are available to individual purchasers from the same insurer;

8. Any insurer offering such a group plan shall also be required to provide insurance on an individual basis to the general public of the state and shall not be permitted to enter in this state an insurance company solely for the purpose of mass marketing or grouping of auto insurance policies for any group;

9. The insurer shall be required to offer to a member a conversion to a standard plan of insurance offered by the same insurer to the general public of the state in which the group

operates in the event of separation of the member from the group through termination of employment for any reason;

10. Individual policies of insurance shall be issued to each member of the group and the premiums shall be paid to the insurer periodically by the group or member, with or without payroll deductions; and

11. With regard to automobile insurance, unless the insurance for the entire group is canceled concurrently, no policy of insurance issued to a member shall be canceled except as otherwise provided by law.

SECTION 2. This act shall become effective November 1, 1996.

45-2-8329

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