

By: Shurden of the Senate
and
Erwin of the House

An Act relating to insurance; amending 36 O.S. 1991, Section 1219, as last amended by Section 50, Chapter 418, O.S.L. 1997 (36 O.S. Supp. 1999, Section 1219), which relates to unfair claim settlement practices; removing limitation on parameters of unfair claim settlement practice; modifying conditions that constitute an unfair claim settlement practice; reducing number of days after receipt of proof of loss within which nonpayment of a claim shall require an interest payment; deleting definition; and providing an effective date.

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

SECTION 1. AMENDATORY 36 O.S. 1991, Section 1219, as last amended by Section 50, Chapter 418, O.S.L. 1997 (36 O.S. Supp. 1999, Section 1219), is amended to read as follows:

Section 1219. A. In the administration, servicing, or processing of any ~~accident and health~~ insurance policy or insurance contract, as defined in Section 1250.2 of this title, it shall be an unfair claim settlement practice for any insurer to fail to notify a policyholder or assignee of record in writing of the cause for delay in payment of any claim where the claim is not paid within thirty (30) days after receipt of proof of loss. Failure of an insurer to provide a policyholder or assignee of record with such notification shall constitute prima facie evidence that the claim will be paid in accordance with the terms of the policy.

B. If a claim is not paid within ~~sixty (60)~~ thirty (30) days after receipt of proof of loss, the insurer shall pay interest which shall be the same rate of interest as the average United States Treasury Bill rate of the preceding calendar year as certified to the Insurance Commissioner by the State Treasurer on the first

regular business day in January of each year, plus ~~two (2)~~ four (4) percentage points, which shall accrue from the ~~sixty-first~~ thirty-first day after receipt of proof of loss until the claim is paid.

C. As used in this section:

~~1. "Accident and health insurance policy" or "policy" means any policy, certificate, contract, agreement or other instrument that provides accident and health insurance, as defined in Section 703 of this title, to any person in this state; and~~

~~2. "Proof of loss" means written documents such as claim forms, medical bills, or other reasonable evidence of a claim, but shall not include information not necessary for determination of proof of loss and not pertinent to filed claims, such as any medical reports that the insurer wants to secure merely for completion of business records or files.~~

D. In the event litigation should ensue based upon such a claim, the prevailing party shall be entitled to recover a reasonable attorney's fee to be set by the court and taxed as costs against the party or parties who do not prevail.

E. The provisions of this section shall not apply to the Oklahoma Life and Health Insurance Guaranty Association or to the Oklahoma Property and Casualty Insurance Guaranty Association.

SECTION 2. This act shall become effective November 1, 2000.

Passed the Senate the 13th day of March, 2000.

President of the Senate

Passed the House of Representatives the ____ day of _____,
2000.

Speaker of the House of
Representatives