STATE OF OKLAHOMA

2nd Session of the 47th Legislature (2000)

SENATE BILL 1488 By: Pruitt

AS INTRODUCED

An Act relating to insurance; amending 36 O.S. 1991, Section 6001 and Section 1, Chapter 70, O.S.L. 1996 (36 O.S. Supp. 1999, Section 6001.1), which relate to group insurance; providing exception from prohibition against fictitious group insurance arrangements; clarifying language; allowing two or more business entities to form group for purchase of workers' compensation insurance; requiring approval of group by Insurance Commissioner; stating powers of and requirements for groups; requiring adoption of plan of operation and specifying contents; defining term; and providing an effective date.

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

SECTION 1. AMENDATORY 36 O.S. 1991, Section 6001, is amended to read as follows:

Section 6001. ~~No~~ Except as otherwise provided by law, no insurer, admitted or nonadmitted, shall make available, through any rating plan or form, property, marine, vehicle, casualty, or surety insurance to any firm, corporation, or association of individuals, any preferred rate or premium based upon any fictitious grouping of such firm, corporation, or association of individuals.

SECTION 2. AMENDATORY Section 1, Chapter 70, O.S.L. 1996 (36 O.S. Supp. 1999, Section 6001.1), is amended to read as follows:

Section 6001.1 ~~A~~ A. For the purposes of Section 6001 of this title, 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~~ has been in existence for at least two (2) years prior to the purchase of the intended group plan of insurance or conclusive proof is submitted to the Insurance

Commissioner that ~~such~~ the group was not organized primarily for the purpose of purchasing insurance;

2. ~~The~~ Except as provided in subsection C of this section, the group ~~shall have~~ has a highly reasonable degree of homogeneity;

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

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

5. Coverage ~~shall be~~ is 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~~ may be required to participate as a condition of employment;

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

7. Policies issued to members of ~~such groups shall provide~~ the group are 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 group has the option to select a policy with such limits of coverage as are available to individual purchasers from the same insurer;

8. ~~Any~~ The insurer offering ~~such a~~ the group plan ~~shall~~ is also ~~be~~ required to provide insurance on an individual basis to the general public of ~~the~~ this state and ~~shall~~ is not ~~be~~ permitted to enter ~~in~~ this state as an insurance company solely for the purpose

of mass marketing or grouping of auto insurance policies for any group;

9. The insurer ~~shall be~~ is required to offer to a member of the group a conversion to a standard plan of insurance offered by the same insurer to the general public of ~~the~~ a state in which the group operates in the event of separation of the member from the group through termination of employment for any reason; and

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

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

C. 1. With regard to workers' compensation insurance, any two or more business entities, regardless of the degree of homogeneity of the entities, may, with the approval of the Insurance Commissioner, join together to form a group to purchase individual workers' compensation insurance policies covering each member of the group.

2. A group formed under this subsection:

a. may purchase individual workers' compensation insurance policies covering each member of the group from any insurer authorized to write workers' compensation insurance in this state, except that the State Insurance Fund shall have the right to refuse coverage of a group,

b. shall be entitled to any premium or volume discount that would be applicable to a policy of the combined premium amount of the individual policies,

c. shall apportion any discount or policyholder dividend received on workers' compensation insurance coverage among the members of the group according to the formula adopted in the plan of operation for the group and approved by the Insurance Commissioner, and

d. shall adopt a plan of operation that includes the following:

(1) the composition and selection of a governing board,

(2) the methods for administering the group,

(3) the eligibility requirements for membership in the group,

(4) the guidelines for workers' compensation insurance coverage obtained or to be obtained by the group, including the following:

(a) the payment of premiums, and

(b) the distribution of discounts, dividends, rebates, credits, and the like, and

(5) the method for providing risk management.

3. As used in this subsection, "business entity" means a sole proprietorship, partnership, whether limited or general, corporation, joint venture, business trust, association, limited liability company, or other commercial or legal entity.

SECTION 3. This act shall become effective November 1, 2000.

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