

ENROLLED SENATE  
BILL NO. 560

By: Sparks of the Senate

and

Sullivan of the House

An Act relating to insurance; amending 36 O.S. 2001, Section 304, which relates to the Insurance Commissioner; allowing the Insurance Commissioner to contract with certain entities for the collection of fees and taxes; amending 36 O.S. 2001, Section 1219, as amended by Section 52, Chapter 197, O.S.L. 2003 (36 O.S. Supp. 2006, Section 1219), which relates to claims; requiring multiple notifications in certain circumstance; allowing electronic notification of provider under certain circumstances; removing requirement to notify the insured under certain circumstances; amending 36 O.S. 2001, Section 1435.7, as last amended by Section 10 of Enrolled House Bill No. 1960 of the 1st Session of the 51st Oklahoma Legislature, which relates to resident insurance producer license; modifying licensing requirement; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 36 O.S. 2001, Section 304, is amended to read as follows:

Section 304. A. The ~~State~~ Insurance Commissioner shall deposit weekly with the State Treasurer all funds in ~~his~~ the Commissioner's hands collected for the use of the state.

B. The Insurance Commissioner may contract with nongovernmental entities to collect fees and taxes on behalf of the Insurance Department.

SECTION 2. AMENDATORY 36 O.S. 2001, Section 1219, as amended by Section 52, Chapter 197, O.S.L. 2003 (36 O.S. Supp. 2006, Section 1219), is amended to read as follows:

Section 1219. A. In the administration, servicing, or processing of any accident and health insurance policy, every insurer shall reimburse all clean claims of an insured, an assignee of the insured, or a health care provider within forty-five (45) calendar days after receipt of the claim by the insurer.

B. 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 any subscriber certificate or any evidence of coverage issued by a health maintenance organization to any person in this state;

2. "Clean claim" means a claim that has no defect or impropriety, including a lack of any required substantiating documentation, or particular circumstance requiring special treatment that impedes prompt payment; and

3. "Insurer" means any entity that provides an accident and health insurance policy in this state, including, but not limited to, a licensed insurance company, a not-for-profit hospital service and medical indemnity corporation, a health maintenance organization, a fraternal benefit society, a multiple employer welfare arrangement, or any other entity subject to regulation by the Insurance Commissioner.

C. If a claim or any portion of a claim is determined to have defects or improprieties, including a lack of any required substantiating documentation, or particular circumstance requiring special treatment, the insured, enrollee or subscriber, assignee of the insured, enrollee or subscriber, ~~or~~ and health care provider

shall be notified in writing within thirty (30) calendar days after receipt of the claim by the insurer. The written notice shall specify the portion of the claim that is causing a delay in processing and explain any additional information or corrections needed. Failure of an insurer to provide the insured, enrollee or subscriber, assignee of the insured, enrollee or subscriber, ~~or~~ and health care provider with the notice shall constitute prima facie evidence that the claim will be paid in accordance with the terms of the policy. Provided, if a claim is not submitted into the system due to a failure to meet basic Electronic Data Interchange (EDI) and/or Health Insurance Portability and Accountability Act (HIPAA) edits, electronic notification of the failure to the submitter shall be deemed compliance with this subsection. Provided further, health maintenance organizations shall not be required to notify the insured, enrollee or subscriber, or assignee of the insured, enrollee or subscriber of any claim defect or impropriety.

D. Upon receipt of the additional information or corrections which led to the claim's being delayed and a determination that the information is accurate, an insurer shall either pay or deny the claim or a portion of the claim within forty-five (45) calendar days.

E. Payment shall be considered made on:

1. The date a draft or other valid instrument which is equivalent to the amount of the payment is placed in the United States mail in a properly addressed, postpaid envelope; or

2. If not so posted, the date of delivery.

F. An overdue payment shall bear simple interest at the rate of ten percent (10%) per year.

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

H. The Insurance Commissioner shall develop a standardized prompt pay form for use by providers in reporting violations of prompt pay requirements. The form shall include a requirement that

documentation of the reason for the delay in payment or documentation of proof of payment must be provided within ten (10) days of the filing of the form. The Commissioner shall provide the form to health maintenance organizations and providers.

I. 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 3. AMENDATORY 36 O.S. 2001, Section 1435.7, as last amended by Section 10 of Enrolled House Bill No. 1960 of the 1st Session of the 51st Oklahoma Legislature, is amended to read as follows:

Section 1435.7 A. A person applying for a resident insurance producer license shall make application to the Insurance Commissioner on the Uniform Application or an application approved by the Commissioner and declare under penalty of refusal, suspension or revocation of the license that the statements made in the application are true, correct and complete to the best of the individual's knowledge and belief. Before approving the application, the Insurance Commissioner shall find that the individual:

1. Is at least eighteen (18) years of age;
2. Has not committed any act that is a ground for denial, suspension or revocation set forth in Section 1435.13 of this title;
3. Where required by the Insurance Commissioner, has held a provisional insurance producer license under Section 11 of ~~this act~~ Enrolled House Bill No. 1960 of the 1st Session of the 51st Oklahoma Legislature or has been ~~appointed by an insurance company that has a participant in an approved training program offered by an insurance company licensed in this state~~ or has completed a prelicensing course of study for the lines of authority for which the person has applied;
4. Has paid the fees set forth in Section 1435.23 of this title; and

5. Has successfully passed the examinations for the lines of authority for which the person has applied.

B. A business entity acting as an insurance producer is required to obtain an insurance producer license. Application shall be made using the Uniform Business Entity Application or an application approved by the Commissioner. Before approving the application, the Insurance Commissioner shall find that:

1. The business entity has paid the fees set forth in Section 1435.23 of this title;

2. The business entity has designated a licensed producer responsible for the business entity's compliance with the insurance laws, rules and regulations of this state;

3. A domestic business entity is organized pursuant to the provisions of the laws of this state and maintains its principal place of business in this state;

4. No person whose license as an insurance producer has been revoked by order of the Commissioner, nor any business entity in which such person has a majority ownership interest, whether direct or indirect, owns any interest in the business entity licensed as an insurance producer; and

5. The business entity has provided proof satisfactory to the Commissioner that a trade name has been lawfully registered for an insurance producer license to be issued in a trade name.

C. A business entity acting as an insurance producer shall notify the Commissioner of all changes among its members, directors and officers and all other individuals designated in the license within fifteen (15) days after the change.

D. An applicant for any license required by the provisions of the Oklahoma Producer Licensing Act shall demonstrate to the Insurance Commissioner that the applicant is competent, trustworthy, financially responsible, and of good personal and business reputation.

E. The Insurance Commissioner may require any documents reasonably necessary to verify the information contained in an application.

SECTION 4. This act shall become effective July 1, 2007.

SECTION 5. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 17th day of May, 2007.

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Presiding Officer of the Senate

Passed the House of Representatives the 23rd day of May, 2007.

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Presiding Officer of the House  
of Representatives

