

1 STATE OF OKLAHOMA

2 2nd Session of the 52nd Legislature (2010)

3 SENATE BILL 1721

By: Wilson

4  
5  
6 AS INTRODUCED

7 An Act relating to insurance; amending 36 O.S. 2001,  
8 Section 4405, which relates to accident and health  
9 policy provisions; eliminating time limit for certain  
10 defenses; providing exception for fraudulent  
11 misstatements; and providing an effective date.

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

13 SECTION 1. AMENDATORY 36 O.S. 2001, Section 4405, is  
14 amended to read as follows:

15 Section 4405. A. Required Provisions. Except as provided in  
16 subsection D of this section, each such policy delivered or issued  
17 for delivery to any person in this state shall contain the  
18 provisions specified in this subsection in the words in which the  
19 same appear in this section; provided, however, that the insurer  
20 may, at its option, substitute for one or more of such provisions  
21 corresponding provisions of different wording approved by the  
22 Insurance Commissioner which are in each instance not less favorable  
23 in any respect to the insured or the beneficiary. Such provisions  
24 shall be preceded individually by the caption appearing in this

1 subsection or, at the option of the insurer, by such appropriate  
2 individual or group captions or subcaptions as the Insurance  
3 Commissioner may approve.

4 1. A provision as follows: ENTIRE CONTRACT; CHANGES: This  
5 policy, including the endorsements and the attached papers, if any,  
6 constitutes the entire contract of insurance. No change in this  
7 policy shall be valid until approved by an executive officer of the  
8 insurer and unless such approval be endorsed hereon or attached  
9 hereto. No agent has authority to change this policy or to waive  
10 any of its provisions.

11 2. A provision as follows: TIME LIMIT ON CERTAIN DEFENSES:

12 (a) ~~After two (2) years from~~ As of the date of issue of this  
13 policy, no misstatements, except willfully fraudulent misstatements,  
14 made by the applicant in the application for such policy shall be  
15 used to void the policy or to deny a claim for loss incurred or  
16 disability (as defined in the policy) ~~commencing after the~~  
17 ~~expiration of such two-year period.~~ The foregoing policy provision  
18 shall not be so construed ~~as to affect any legal requirement for~~  
19 ~~avoidance of a policy or denial of a claim during such initial~~  
20 ~~two-year period,~~ nor limit the application of paragraphs 1, 2, 3, 4  
21 and 5 of subsection B of this section in the event of misstatement  
22 with respect to age or occupation or other insurance. A policy  
23 which the insured has the right to continue in force subject to its  
24 terms by the timely payment of premium (i) until at least fifty (50)

1 years of age or, (ii) in the case of a policy issued to a person  
2 older than forty-four (44) years of age, for at least five (5) years  
3 from its date of issue, may contain in lieu of the foregoing the  
4 following provisions (from which the clause in parentheses may be  
5 omitted at the insurer's option) under the caption "Incontestable".  
6 After this policy has been in force for a period of two (2) years  
7 during the lifetime of the insured (excluding any period during  
8 which the insured is disabled), it shall become incontestable as to  
9 the statements contained in the application.

10 (b) No claim for loss incurred or disability (as defined in the  
11 policy) commencing after two (2) years from the date of issue of  
12 this policy shall be reduced or denied on the ground that a disease  
13 or physical condition not excluded from coverage by name or specific  
14 description effective on the date of loss had existed prior to the  
15 effective date of coverage of this policy.

16 3. A provision as follows: GRACE PERIOD:

17 (a) A grace period of \_\_\_\_\_ (insert a number not less than "7"  
18 for weekly premium policies, "10" for monthly premium policies and  
19 "31" for all other policies) days will be granted for the payment of  
20 each premium falling due after the first premium, during which grace  
21 period the policy shall continue in force.

22 (b) A policy in which the insurer reserves the right to refuse  
23 renewal shall have, at the beginning of the above provision, "Unless  
24 not less than thirty (30) days prior to the premium due date the

1 insurer has delivered to the insured or has mailed to his last  
2 address as shown by the records of the insurer written notice of its  
3 intention not to renew this policy beyond the period for which the  
4 premium has been accepted."

5 4. A provision as follows: REINSTATEMENT:

6 (a) If any renewal premium be not paid within the time granted  
7 the insured for payment, a subsequent acceptance of premium by the  
8 insurer or by any agent duly authorized by the insurer to accept  
9 such premium, without requiring in connection therewith an  
10 application for reinstatement, shall reinstate the policy; provided,  
11 however, that if the insurer or such agent requires an application  
12 for reinstatement and issues a conditional receipt for the premium  
13 tendered, the policy will be reinstated upon approval of such  
14 application by the insurer or, lacking such approval, upon the  
15 forty-fifth day following the date of such conditional receipt,  
16 unless the insurer has previously notified the insured in writing of  
17 its disapproval of such application. The reinstated policy shall  
18 cover only loss resulting from such accidental injury as may be  
19 sustained after the date of reinstatement and loss due to such  
20 sickness as may begin more than ten (10) days after such date. In  
21 all other respects the insured and insurer shall have the same  
22 rights thereunder as they had under the policy immediately before  
23 the due date of the defaulted premium, subject to any provisions  
24 endorsed hereon or attached hereto in connection with the

1 reinstatement. Any premium accepted in connection with a  
2 reinstatement shall be applied to a period for which premium has not  
3 been previously paid, but not to any period more than sixty (60)  
4 days prior to the date of reinstatement.

5 (b) The last sentence of the above provision may be omitted from  
6 any policy which the insured has the right to continue in force  
7 subject to its terms by the timely payment of premiums (i) until at  
8 least fifty (50) years of age or, (ii) in the case of a policy  
9 issued to a person older than forty-four (44) years of age, for at  
10 least five (5) years from its date of issue.

11 5. A provision as follows: NOTICE OF CLAIM:

12 (a) Written notice of claim must be given to the insurer within  
13 twenty (20) days after the occurrence or commencement of any loss  
14 covered by the policy, or as soon thereafter as is reasonably  
15 possible. Notice given by or on behalf of the insured or the  
16 beneficiary to the insurer at \_\_\_\_\_ (insert the location of such  
17 office as the insurer may designate for the purpose), or to any  
18 authorized agent of the insurer, with information sufficient to  
19 identify the insured, shall be deemed notice to the insurer.

20 (b) In a policy providing a loss-of-time benefit which may be  
21 payable for at least two (2) years, an insurer may, at its option,  
22 insert the following between the first and second sentences of the  
23 above provision: Subject to the qualifications set forth below, if  
24 the insured suffers loss of time on account of disability for which

1 indemnity may be payable for at least two (2) years, he shall, at  
2 least once in every six (6) months after having given notice of  
3 claim, give to the insurer notice of continuance of said disability  
4 except in the event of legal incapacity. The period of six (6)  
5 months following any filing of proof by the insured or any payment  
6 by the insurer on account of such claim or any denial of liability  
7 in whole or in part by the insurer shall be excluded in applying  
8 this provision. Delay in the giving of such notice shall not impair  
9 the insured's right to any indemnity which would otherwise have  
10 accrued during the period of six (6) months preceding the date on  
11 which such notice is actually given.

12 6. A provision as follows: CLAIM FORMS: The insurer, upon  
13 receipt of a notice of claim, will furnish to the claimant such  
14 forms as are usually furnished by it for filing proofs of loss. If  
15 such forms are not furnished within fifteen (15) days after the  
16 giving of such notice, the claimant shall be deemed to have complied  
17 with the requirements of this policy as to proof of loss upon  
18 submitting, within the time fixed in the policy for filing proofs of  
19 loss, written proof covering the occurrence, the character and the  
20 extent of the loss for which claim is made.

21 7. A provision as follows: PROOFS OF LOSS: Written proof of  
22 loss must be furnished to the insurer at its said office in case of  
23 claim for loss for which the policy provides any periodic payment  
24 contingent upon continuing loss within ninety (90) days after the

1 termination of the period for which the insurer is liable and in  
2 case of claim for any other loss within ninety (90) days after the  
3 date of such loss. Failure to furnish such proof within the time  
4 required shall not invalidate nor reduce any claim if it was not  
5 reasonably possible to give proof within such time, provided such  
6 proof is furnished as soon as reasonably possible and in no event,  
7 except in the absence of legal capacity, later than one (1) year  
8 from the time proof is otherwise required.

9 8. A provision as follows: TIME OF PAYMENT OF CLAIMS:

10 Indemnities payable under this policy for any loss other than loss  
11 for which this policy provides any periodic payment will be paid  
12 immediately upon receipt of due written proof of such loss. Subject  
13 to due written proof of loss, all accrued indemnities for loss for  
14 which this policy provides periodic payment will be paid \_\_\_\_\_  
15 (insert period for payment which must not be less frequently than  
16 monthly) and any balance remaining unpaid upon the termination of  
17 liability will be paid immediately upon receipt of due written  
18 proof.

19 9. A provision as follows: PAYMENT OF CLAIMS:

20 (a) Indemnity for loss of life will be payable in accordance  
21 with the beneficiary designation and the provisions respecting such  
22 payment which may be prescribed herein and effective at the time of  
23 payment. If no such designation or provision is then effective,  
24 such indemnity shall be payable to the estate of the insured. Any

1 other accrued indemnities unpaid at the insured's death may, at the  
2 option of the insurer, be paid either to such beneficiary or to such  
3 estate. All other indemnities will be payable to the insured.

4 (b) The following provisions, or either of them, may be included  
5 with the foregoing provision at the option of the insurer: If any  
6 indemnity of this policy shall be payable to the estate of the  
7 insured, or to an insured or beneficiary who is a minor or otherwise  
8 not competent to give a valid release, the insurer may pay such  
9 indemnity, up to an amount not exceeding \$\_\_\_\_\_ (insert an amount  
10 which shall not exceed One Thousand Dollars (\$1,000.00)), to any  
11 relative by blood or connection by marriage of the insured or  
12 beneficiary who is deemed by the insurer to be equitably entitled  
13 thereto. Any payment made by the insurer in good faith pursuant to  
14 this provision shall fully discharge the insurer to the extent of  
15 such payment.

16 Subject to any written direction of the insured in the  
17 application or otherwise, all or a portion of any indemnities  
18 provided by this policy on account of hospital, nursing, medical, or  
19 surgical services may, at the insurer's option and unless the  
20 insured requests otherwise in writing not later than the time of  
21 filing proofs of such loss, be paid directly to the hospital or  
22 person rendering such services; but it is not required that the  
23 service be rendered by a particular hospital or person.

24 10. A provision as follows: PHYSICAL EXAMINATION, AUTOPSY:

1 The insurer at its own expense shall have the right and  
2 opportunity to examine the person of the insured when and as often  
3 as it may reasonably require during the pendency of a claim  
4 hereunder and to make an autopsy in case of death where it is not  
5 forbidden by law.

6 11. A provision as follows: LEGAL ACTIONS: No action at law  
7 or in equity shall be brought to recover on this policy prior to the  
8 expiration of sixty (60) days after written proof of loss has been  
9 furnished in accordance with the requirements of this policy. No  
10 such action shall be brought after the expiration of three (3) years  
11 after the time written proof of loss is required to be furnished.

12 12. A provision as follows: CHANGE OF BENEFICIARY: Unless the  
13 insured makes an irrevocable designation of beneficiary, the right  
14 to change of beneficiary is reserved to the insured and the consent  
15 of the beneficiary or beneficiaries shall not be requisite to  
16 surrender or assignment of this policy or to any change of  
17 beneficiary or beneficiaries, or to any other changes in this  
18 policy.

19 The first clause of this provision, relating to the irrevocable  
20 designation of beneficiary, may be omitted at the insurer's option.

21 B. Other provisions. Except as provided in subsection D of  
22 this section, no such policy delivered or issued for delivery to any  
23 person in this state shall contain provisions respecting the matters  
24 set forth below unless such provisions are in the words in which the

1 same appear in this section; provided, however, that the insurer  
2 may, at its option, use in lieu of any such provision a  
3 corresponding provision of different wording approved by the  
4 Insurance Commissioner which is not less favorable in any respect to  
5 the insured or the beneficiary. Any such provision contained in the  
6 policy shall be preceded individually by the appropriate caption  
7 appearing in this subsection or, at the option of the insurer, by  
8 such appropriate individual or group captions or subcaptions as the  
9 Insurance Commissioner may approve.

10 1. A provision as follows: CHANGE OF OCCUPATION: If the  
11 insured be injured or contract sickness after having changed his  
12 occupation to one classified by the insurer as more hazardous than  
13 that stated in this policy or while doing for compensation anything  
14 pertaining to an occupation so classified, the insurer will pay only  
15 such portion of the indemnities provided in this policy as the  
16 premium paid would have purchased at the rates and within the limits  
17 fixed by the insurer for such more hazardous occupation. If the  
18 insured changes his occupation to one classified by the insurer as  
19 less hazardous than that stated in this policy, the insurer, upon  
20 receipt of proof of such change of occupation, will reduce the  
21 premium rate accordingly, and will return the excess pro rata  
22 unearned premium from the date of change of occupation or from the  
23 policy anniversary date immediately preceding receipt of such proof,  
24 whichever is the more recent. In applying this provision, the

1 classification of occupational risk and the premium rates shall be  
2 such as have been last filed by the insurer prior to the occurrence  
3 of the loss for which the insurer is liable or prior to date of  
4 proof of change in occupation with the state official having  
5 supervision of insurance in the state where the insured resided at  
6 the time this policy was issued; but if such filing was not  
7 required, then the classification of occupational risk and the  
8 premium rates shall be those last made effective by the insurer in  
9 such state prior to the occurrence of the loss or prior to the date  
10 of proof of change of occupation.

11 2. A provision as follows: MISSTATEMENT OF AGE: If the age of  
12 the insured has been misstated, all amounts payable under this  
13 policy shall be such as the premium paid would have purchased at the  
14 correct age.

15 3. A provision as follows: OTHER INSURANCE IN THIS INSURER:

16 If an accident or health or accident and health policy or  
17 policies previously issued by the insurer to the insured be in force  
18 concurrently herewith, making the aggregate indemnity for \_\_\_\_\_  
19 (insert type of coverage or coverages) in excess of \$ \_\_\_\_\_ (insert  
20 maximum limit of indemnity or indemnities), the excess insurance  
21 shall be void and all premiums paid for such excess shall be  
22 returned to the insured or to his estate; or, in lieu thereof:  
23 Insurance effective at any one time on the insured under a like  
24 policy or policies in this insurer is limited to the one such policy

1 | elected by the insured, his or her beneficiary or his or her estate,  
2 | as the case may be, and the insurer will return all premiums paid  
3 | for all other such policies.

4 | 4. A provision as follows: INSURANCE WITH OTHER INSURERS:

5 | (a) If there be other valid coverage, not with this insurer,  
6 | providing benefits for the same loss on a provision of service basis  
7 | or on an expense incurred basis and of which this insurer has not  
8 | been given written notice prior to the occurrence or commencement of  
9 | loss, the only liability under any expense incurred coverage of this  
10 | policy shall be for such proportion of the loss as the amount which  
11 | would otherwise have been payable hereunder plus the total of the  
12 | like amounts under all such other valid coverages for the same loss  
13 | of which this insurer had notice bears to the total like amounts  
14 | under all valid coverages for such loss, and for the return of such  
15 | portion of the premiums paid as shall exceed the pro rata portion  
16 | for the amount so determined. For the purpose of applying this  
17 | provision when other coverage is on a provision of service basis,  
18 | the "like amount" of such other coverage shall be taken as the  
19 | amount which the services rendered would have cost in the absence of  
20 | such coverage.

21 | (b) If the foregoing policy provision is included in a policy  
22 | which also contains the next following policy provision, there shall  
23 | be added to the caption of the foregoing provision the phrase  
24 | "Expense Incurred Benefits". The insurer may, at its option,

1 include in this provision a definition of "other valid coverage",  
2 approved as to form by the Insurance Commissioner, which definition  
3 shall be limited in subject matter to coverage provided by  
4 organizations subject to regulation by insurance law or by insurance  
5 authorities of this or any other state of the United States or any  
6 province of Canada, and by hospital or medical service  
7 organizations, and to any other coverage the inclusion of which may  
8 be approved by the Insurance Commissioner. In the absence of such  
9 definition such term shall not include group insurance, automobile  
10 medical payments insurance, or coverage provided by hospital or  
11 medical service organizations or by union welfare plans or employer  
12 or employee benefit organizations. For the purpose of applying the  
13 foregoing policy provision with respect to any insured, any amount  
14 of benefit provided for such insured pursuant to any compulsory  
15 benefit statute (including any workers' compensation or employer's  
16 liability statute), whether provided by a governmental agency or  
17 otherwise, shall in all cases be deemed to be "other valid coverage"  
18 of which the insurer has had notice. In applying the foregoing  
19 policy provision no third party liability coverage shall be included  
20 as "other valid coverage".

21 5. A provision as follows: INSURANCE WITH OTHER INSURERS:

22 (a) If there be other valid coverage, not with this insurer,  
23 providing benefits for the same loss on other than an expense  
24 incurred basis and of which this insurer has not been given written

1 notice prior to the occurrence or commencement of loss, the only  
2 liability for such benefits under this policy shall be for such  
3 portion of the indemnities otherwise provided hereunder for such  
4 loss as the like indemnities, of which the insurer had notice  
5 (including the indemnities under this policy), bear to the total  
6 amount of all like indemnities for such loss, and for the return of  
7 such portion of the premium paid as shall exceed the pro rata  
8 portion for the indemnities thus determined.

9 (b) If the foregoing policy provision is included in a policy  
10 which also contains the next preceding policy provision, there shall  
11 be added to the caption of the foregoing provision the phrase "Other  
12 Benefits". The insurer may, at its option, include in this  
13 provision a definition of "other valid coverage", approved as to  
14 form by the Insurance Commissioner, which definition shall be  
15 limited in subject matter to coverage provided by organizations  
16 subject to regulation by insurance law or by insurance authorities  
17 of this or any other state of the United States or any province of  
18 Canada, and to any other coverage the inclusion of which may be  
19 approved by the Insurance Commissioner. In the absence of such  
20 definition, such term shall not include group insurance or benefits  
21 provided by union welfare plans or by employer or employee benefit  
22 organizations. For the purpose of applying the foregoing policy  
23 provision with respect to any insured, any amount of benefit  
24 provided for such insured pursuant to any compulsory benefit statute

1 (including any workers' compensation or employer's liability  
2 statute) whether provided by a governmental agency or otherwise,  
3 shall in all cases be deemed to be "other valid coverage" of which  
4 the insurer has had notice. In applying the foregoing policy  
5 provision, no third party liability coverage shall be included as  
6 "other valid coverage".

7 6. A provision as follows: RELATION OF EARNINGS TO INSURANCE:

8 (a) If the total monthly amount of loss of time benefits  
9 promised for the same loss under all valid loss of time coverage  
10 upon the insured, whether payable on a weekly or monthly basis,  
11 shall exceed the monthly earnings of the insured at the time  
12 disability commenced or his average monthly earnings for the period  
13 of two (2) years immediately preceding a disability for which claim  
14 is made, whichever is the greater, the insurer will be liable only  
15 for such proportionate amount of such benefits under this policy as  
16 the amount of such monthly earnings or such average monthly earnings  
17 of the insured bears to the total amount of monthly benefits for the  
18 same loss under all such coverage upon the insured at the time such  
19 disability commences and for the return of such part of the premiums  
20 paid during such two (2) years as shall exceed the pro rata amount  
21 of the premiums for the benefits actually paid hereunder; but this  
22 shall not operate to reduce the total monthly benefits payable under  
23 all such coverage upon the insured below the sum of Two Hundred  
24 Dollars (\$200.00) or the sum of the monthly benefits specified in

1 such coverages, whichever is the lesser, nor shall it operate to  
2 reduce benefits other than those payable for loss of time.

3 (b) The foregoing policy provision may be inserted only in a  
4 policy which the insured has the right to continue in force subject  
5 to its terms by the timely payment of premiums (i) until at least  
6 fifty (50) years of age or, (ii) in the case of a policy issued to a  
7 person older than forty-four (44) years of age, for at least five  
8 (5) years from its date of issue. The insurer may, at its option,  
9 include in this provision a definition of "valid loss of time  
10 coverage", approved as to form by the Insurance Commissioner, which  
11 definition shall be limited in subject matter to coverage provided  
12 by governmental agencies or by organizations subject to regulation  
13 by insurance law or by insurance authorities of this or any other  
14 state of the United States or any province of Canada, or to any  
15 other coverage the inclusion of which may be approved by the  
16 Insurance Commissioner or any combination of such coverages. In the  
17 absence of such definition, such term shall not include any coverage  
18 provided for such insured pursuant to any compulsory benefit statute  
19 (including any workers' compensation or employer's liability  
20 statute), or benefits provided by union welfare plans or by employer  
21 or employee benefit organizations.

22 7. A provision as follows: UNPAID PREMIUM: Upon the payment  
23 of a claim under this policy, any premium then due and unpaid or  
24 covered by any note or written order may be deducted therefrom.

1 8. A provision as follows: CONFORMITY WITH STATE STATUTES: Any  
2 provision of this policy which, on its effective date, is in  
3 conflict with the statutes of the state in which the insured resides  
4 on such date is hereby amended to conform to the minimum  
5 requirements of such states.

6 9. A provision as follows: ILLEGAL OCCUPATION: The insurer  
7 shall not be liable for any loss to which a contributing cause was  
8 the insured's commission of or attempt to commit a felony or to  
9 which a contributing cause was the insured's being engaged in an  
10 illegal occupation.

11 10. A provision as follows: NARCOTICS: The insurer shall not  
12 be liable for any loss sustained or contracted in consequence of the  
13 insured's being under the influence of any narcotic unless  
14 administered on the advice of a physician.

15 11. A provision as follows: CONTINUITY OF COVERAGE: If  
16 coverage otherwise terminates as to covered family members, other  
17 than for nonpayment of premium, nonrenewal of the policy or the  
18 expiration of the term for which the policy is issued, a covered  
19 person (other than one eligible for Medicare or any other similar  
20 federal program), including the spouse and any covered dependent  
21 child of the last-named insured or the representative of such child,  
22 shall have the right to the continuation of coverage under  
23 provisions which, at the option of the insurer, are consistent with  
24 either the continuation of the policy with the person exercising the

1 right of continuation designated as the named insured; or the  
2 issuance of a converted policy with the person exercising the  
3 conversion right designated as the named insured. Where  
4 continuation of coverage or conversion is made in the name of the  
5 spouse of the named insured, such coverage may, at the option of  
6 such spouse, include covered dependent children for whom such spouse  
7 has responsibility for care and support. The person who accepts the  
8 conversion policy shall become the insured and pay the premiums  
9 direct to the insurer.

10 (a) Coverage continued through the issuance of a converted  
11 policy shall consist of a form of coverage then being offered by the  
12 insurer as a conversion policy in the jurisdiction where the person  
13 exercising the conversion right resides. Continued and converted  
14 coverages, other than those provided through the exercise of  
15 continuation or conversion rights contained in optionally renewable  
16 or limited right of renewal contracts, shall contain provisions  
17 under which the person exercising the continuation or conversion  
18 shall have the right to renew the coverage until the attainment of  
19 the age of eligibility for Medicare or any other similar federal or  
20 state health insurance program subject to the right of the insurer  
21 to nonrenew all such policies in this state as a class, or, other  
22 renewal provisions that are not less favorable to the insured than  
23 those contained in the policy from which conversion is exercised.

24

1 (b) Coverage provided through continuation or conversion shall  
2 be without additional evidence of insurability except as to  
3 overinsurance, and shall not impose any preexisting condition  
4 limitations or other contractual time limitations other than those  
5 remaining unexpired under the policy or contract from which  
6 continuation or conversion is exercised.

7 (c) Benefits otherwise payable under a converted policy may be  
8 reduced so they are not, during the first policy year of the  
9 converted policy, in excess of those that would have been payable  
10 had the coverage under the policy from which conversion is exercised  
11 not terminated, and by the amount of benefits, if any, payable as to  
12 the same loss under the policy from which conversion is exercised.

13 (d) The insurer shall not be required to issue a converted  
14 policy if at the time of application therefor other coverage exists  
15 under other health insurance policies, hospital or medical service  
16 plan corporation contracts, health maintenance organization plans or  
17 self-insured health benefit plans providing similar benefits, or if  
18 the applicant for the converted policy is eligible for coverage  
19 under a group policy or contract providing similar benefits, or is  
20 provided with similar benefits required by any statute, or is  
21 covered under any national, state or governmental plan, which  
22 together with the converted policy would result in overinsurance  
23 according to the insurer's underwriting standards.

24

1 The provisions of this paragraph shall apply to individual  
2 family health insurance policies providing hospital, surgical and  
3 medical expense benefits or hospital confinement indemnity benefits,  
4 individual family hospital and medical service plan corporation  
5 contracts, and family health maintenance organization contracts,  
6 delivered or issued for delivery in the State of Oklahoma but shall  
7 not apply to disability income policies, accidental death or  
8 dismemberment policies nor to single-term, nonrenewable policies.

9 C. 1. The terms "noncancelable" and "guaranteed renewable" may  
10 be used only in a policy which the insured has the right to continue  
11 in force by the timely payment of premiums set forth in the policy  
12 until a person is at least fifty (50) years of age, or in the case  
13 of a policy issued to a person older than forty-four (44) years of  
14 age, for at least five (5) years from its date of issue, during  
15 which period the insurer has no right to make unilaterally any  
16 change in any provision of the policy while the policy is in force.

17 2. Except as provided in paragraph 1 of this subsection, the  
18 term "guaranteed renewable" may be used only in a policy which the  
19 insured has the right to continue in force by the timely payment of  
20 premiums by the insured until fifty (50) years of age, or in the  
21 case of a policy issued to an insured who is older than forty-four  
22 (44) years of age, for at least five (5) years from its date of  
23 issue, during which period the insurer has no right to make  
24 unilaterally any change in any provision of the policy while the

1 policy is in force, except that the insurer may make changes in  
2 premium rates by classes.

3 The foregoing limitation on the use of the term "noncancelable"  
4 shall also apply to any synonymous term such as "guaranteed  
5 continuable".

6 Nothing contained in this subsection is intended to restrict the  
7 development of policies having other guarantees of renewability, or  
8 to prevent the accurate description of their terms of renewability  
9 or the classification of such policies as guaranteed renewable or  
10 noncancelable for any period during which they may actually be such,  
11 provided the terms used to describe them in policy contracts and  
12 advertising are not such as may readily be confused with the above  
13 terms.

14 D. Inapplicable or Inconsistent Provisions. If any provision  
15 of this section is in whole or in part inapplicable to or  
16 inconsistent with the coverage provided by a particular form of  
17 policy, the insurer, with the approval of the Insurance  
18 Commissioner, shall omit from such policy any inapplicable provision  
19 or part of a provision, and shall modify any inconsistent provision  
20 or part of the provision in such manner as to make the provision as  
21 contained in the policy consistent with the coverage provided by the  
22 policy.

23 E. Order of Certain Policy Provisions. The provisions which  
24 are the subject of subsections A and B of this section, or any

1 corresponding provisions which are used in lieu thereof in  
2 accordance with such subsections, shall be printed in the  
3 consecutive order of the provisions in such subsections or, at the  
4 option of the insurer, any such provision may appear as a unit in  
5 any part of the policy, with other provisions to which it may be  
6 logically related, provided the resulting policy shall not be in  
7 whole or in part unintelligible, uncertain, ambiguous, abstruse, or  
8 likely to mislead a person to whom the policy is offered, delivered  
9 or issued.

10 F. Third Party Ownership. The word "insured", as used in this  
11 article, shall not be construed as preventing a person other than  
12 the insured with a proper insurable interest from making application  
13 for and owning a policy covering the insured or from being entitled  
14 under such a policy to any indemnities, benefits and rights provided  
15 therein.

16 G. Employer Designated as Beneficiary. No employer shall be  
17 designated or appointed as beneficiary of an employee or receive any  
18 benefits under an individual or group accident and health policy  
19 solely by reason of the employer-employee relationship; provided,  
20 however, this subsection shall not prevent the designation or  
21 appointment of an employer as beneficiary under a policy of accident  
22 and health insurance on any valuable or key employee of such  
23 employer.

24

1 H. Requirements of Other Jurisdictions. 1. Any policy of a  
2 foreign or alien insurer, when delivered or issued for delivery to  
3 any person in this state, may contain any provision which is not  
4 less favorable to the insured or the beneficiary than the provisions  
5 of this article and which is prescribed or required by the law of  
6 the state under which the insurer is organized.

7 2. Any policy of a domestic insurer may, when issued for  
8 delivery in any other state or country, contain any provision  
9 permitted or required by the laws of such other state or country.

10 I. Filing Procedure. The Insurance Commissioner may make such  
11 reasonable rules and regulations concerning the procedure for the  
12 filing or submission of policies subject to this article as are  
13 necessary, proper or advisable to the administration of this  
14 article. This provision shall not abridge any other authority  
15 granted the Insurance Commissioner by law.

16 SECTION 2. This act shall become effective November 1, 2010.

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