

1 ENGROSSED SENATE  
2 BILL NO. 57

By: Brown of the Senate

3 and

4 Ritze of the House  
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7 An Act relating to the purchase of health insurance;  
8 amending 36 O.S. 2001, Section 307, as last amended  
9 by Section 4, Chapter 264, O.S.L. 2006 (36 O.S. Supp.  
10 2010, Section 307), which relates to duties of the  
11 Insurance Commissioner; requiring the Insurance  
12 Commissioner to administer and enforce certain laws;  
13 creating the Health Care Choice Act; providing short  
14 title; authorizing the Insurance Commissioner to  
15 negotiate certain compacts with other states;  
16 providing for the disapproval of such compacts by the  
17 legislature or Governor; deeming approval and  
18 effectiveness of the compact under certain  
19 conditions; specifying how certain examination by the  
20 Insurance Commissioner should be conducted; exempting  
21 certain insurers from offering certain benefits;  
22 authorizing domestic insurers to sell certain  
23 policies; requiring certain applications to contain  
24 specified provisions; requiring certain health  
benefit plan to contain specified provisions; making  
certain insurers subject to premium taxes;  
authorizing the Insurance Commissioner to promulgate  
certain rules; specifying conditions that certain  
foreign insurers must meet in order to sell certain  
health benefit plans; providing for codification; and  
providing an effective date.

22 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:  
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1 SECTION 1. AMENDATORY 36 O.S. 2001, Section 307, as last  
2 amended by Section 4, Chapter 264, O.S.L. 2006 (36 O.S. Supp. 2010,  
3 Section 307), is amended to read as follows:

4 Section 307. The Insurance Commissioner shall be charged with  
5 the duty of administration and enforcement of the provisions of the  
6 Oklahoma Insurance Code and of any requirements placed on an  
7 insurance company pursuant to ~~subsection L of section 1111 of Title~~  
8 ~~47 of the Oklahoma Statutes~~ or any other law applicable within this  
9 state. The ~~Insurance~~ Commissioner shall have jurisdiction over  
10 complaints against all persons engaged in the business of insurance,  
11 and shall hear all matters either in person, by authorized  
12 disinterested employees, or by hearing examiners appointed by the  
13 Commissioner for that purpose. It shall be the duty of the  
14 ~~Insurance~~ Commissioner to file and safely keep all books and papers  
15 required by law to be filed with the Insurance Department, and to  
16 keep and preserve in permanent form a full record of proceedings,  
17 including a concise statement of the conditions of such insurers and  
18 other entities reported and examined by the Department and its  
19 examiners. The Commissioner shall, annually, at the earliest  
20 practicable date after returns are received from the several  
21 authorized insurers and other organizations, make a report to the  
22 Governor of the State of Oklahoma of the affairs of the Office of  
23 the Insurance Commissioner, which report shall contain a tabular  
24 statement and synopsis of the several statements, as accepted by the

1 ~~Insurance~~ Commissioner, which shall include with respect to each  
2 insurance company the admitted assets, liabilities except capital,  
3 capital and surplus, Oklahoma premium income, amount of claims paid  
4 in Oklahoma, and such other matters as may be of benefit to the  
5 public. The Commissioner may educate consumers and make  
6 recommendations regarding the subject of insurance in this state,  
7 and shall set forth in a statement the various sums received and  
8 disbursed by the Department, from and to whom and for what purpose.  
9 Such report shall be published by and subject to the order of the  
10 said ~~Insurance~~ Commissioner. The ~~Insurance~~ Commissioner shall, upon  
11 retiring from office, deliver to the qualified successor all  
12 furniture, records, papers and property of the office.

13 SECTION 2. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 4413 of Title 36, unless there  
15 is created a duplication in numbering, reads as follows:

16 Sections 2 through 4 of this act shall be known and may be cited  
17 as the "Health Care Choice Act".

18 SECTION 3. NEW LAW A new section of law to be codified  
19 in the Oklahoma Statutes as Section 4414 of Title 36, unless there  
20 is created a duplication in numbering, reads as follows:

21 A. The Oklahoma Legislature recognizes the need for  
22 individuals, employers, and other purchasers of health insurance  
23 coverage in this state to have the opportunity to choose health  
24 insurance plans that are more affordable and flexible than existing

1 market policies offering accident and health coverage. Therefore,  
2 the Oklahoma Legislature seeks to increase the availability of  
3 health insurance coverage by allowing insurers authorized to engage  
4 in the business of insurance in other states to issue accident and  
5 health policies in Oklahoma.

6 B. The Insurance Commissioner may negotiate one or more  
7 compacts with other states to allow insurers domiciled in such  
8 compacting states to sell specified lines of coverage in Oklahoma  
9 without being granted a certificate of authority by Oklahoma. Such  
10 compacts shall provide for appropriate protection of Oklahoma  
11 consumers by allowing the Commissioner to regulate the market  
12 conduct and financial solvency of the nonadmitted insurers pursuant  
13 to compact provisions. The terms of any such compact shall be  
14 presumed a valid exercise of the discretionary authority of the  
15 Commissioner. The compact shall be subject to disapproval by a  
16 majority vote of both houses of the state legislature, in the form  
17 of a concurrent resolution, or by the Governor, in the form of an  
18 executive order. Such disapproval by the legislature or by the  
19 governor shall be done prior to the effective date of the compact,  
20 if the effective date occurs while the legislature is in session.  
21 If the legislature is not in session on the presumed effective date  
22 of the compact, the compact may be disapproved within fifteen (15)  
23 days of the commencement of the next legislative session. If the  
24 legislature or the Governor does not disapprove the compact within

1 the specified time periods, the compact shall be deemed approved and  
2 shall become effective upon the effective date specified in the  
3 compact.

4 C. Any examination by the Commissioner of the market conduct  
5 and solvency of any out-of-state companies seeking to offer health  
6 benefit plans in this state, or who have been given approval to  
7 offer health benefit plans in this state, shall be conducted in the  
8 same manner and under the same terms and conditions as examinations  
9 of companies located in this state.

10 D. The out-of-state insurers shall not be required to offer or  
11 provide state-mandated health benefits required by Oklahoma law or  
12 regulations in health insurance policies sold to Oklahoma residents.

13 E. Domestic insurers authorized to sell specified lines of  
14 coverage in Oklahoma may sell policies that are substantially  
15 comparable to policies sold by out-of-state insurers pursuant to  
16 this section. Domestic insurers selling policies pursuant to this  
17 section shall be required to comply with the provisions of this  
18 section.

19 F. Each written application for participation in an out-of-  
20 state health benefit plan shall contain the following language in  
21 boldface type at the beginning of the document:

22 "This policy is primarily governed by the laws of (insert state  
23 where the master policy is filed); therefore, all of the rating laws  
24 applicable to policies filed in this state do not apply to this

1 policy, which may result in increases in your premium at renewal  
2 that would not be permissible in an Oklahoma-approved policy. Any  
3 purchase of individual health insurance should be considered  
4 carefully since future medical conditions may make it impossible to  
5 qualify for another individual health policy. For information  
6 concerning individual health coverage under an Oklahoma-approved  
7 policy, please consult your insurance agent or the Oklahoma  
8 Department of Insurance."

9 G. Each out-of-state health benefit plan shall contain the  
10 following language in boldface type at the beginning of the  
11 document:

12 "The benefits of this policy providing your coverage are  
13 governed primarily by the law of a state other than Oklahoma. While  
14 this health benefit plan may provide you a more affordable health  
15 insurance policy, it may also provide fewer health benefits than  
16 those normally included as state-mandated health benefits in  
17 policies in Oklahoma. Please consult your insurance agent to  
18 determine which Oklahoma state-mandated health benefits are excluded  
19 under this policy."

20 H. Nonadmitted, out-of-state insurers selling specified lines  
21 of coverage in Oklahoma pursuant to the provisions of the Health  
22 Care Choice Act shall be subject to payment of any applicable  
23 premium taxes pursuant to Section 624 of Title 36 of the Oklahoma  
24 Statutes.

1 I. The Commissioner may promulgate rules necessary for the  
2 administration and implementation of the Health Care Choice Act.

3 SECTION 4. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 4416 of Title 36, unless there  
5 is created a duplication in numbering, reads as follows:

6 Pursuant to the provisions of the Health Care Choice Act, a  
7 foreign health insurer may sell, offer and provide a health benefit  
8 plan to residents in this state, if that insurer:

9 1. Offers the same health benefits plan in its domiciliary  
10 state and is in compliance with all applicable laws, regulations,  
11 and other requirements of its domiciliary state;

12 2. Obtains a certificate of authority to do business as a  
13 foreign health insurer in the state pursuant to the provisions of  
14 Section 3 of this act;

15 3. Participates, on a nondiscriminatory basis, in the Oklahoma  
16 Life and Health Insurance Guaranty Association Act; and

17 4. Participates on a nondiscriminatory basis and in the same  
18 manner as admitted, participating insurers to the Health Insurance  
19 High Risk Pool.

20 SECTION 5. This act shall become effective November 1, 2011.

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1 Passed the Senate the 7th day of March, 2011.

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4 Presiding Officer of the Senate

5 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
6 2011.

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9 Presiding Officer of the House  
10 of Representatives