STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

HOUSE BILL 2929 By: Kirby

AS INTRODUCED

An Act relating to insurance; amending 36 O.S. 2011, Section 311.4, which relates to market conduct annual statements; deleting date certain statements are due; amending 36 O.S. 2011, Sections 321 and 348.1, which relate to annual financial reports; modifying certain fees collected by the Insurance Commissioner; authorizing the Insurance Commissioner to require certain filings be in electronic format; amending 36 O.S. 2011, Section 613, which relates to authorization of insurers; replacing the State Treasurer with the Insurance Commissioner to receive certain deposits; amending 36 O.S. 2011, Section 635, which relates to multiple employer welfare arrangements; replacing the State Treasurer with the Insurance Commissioner to receive certain funds; amending 36 O.S. 2011, Section 1435.15, which relates to the Oklahoma Producer Licensing Act; deleting requirement that a certain appointment fee be paid biennially; amending 36 O.S. 2011, Sections 1701 and 1704, which relate to administration of deposits; replacing the State Treasurer with the Insurance Commissioner to receive certain deposits; amending 36 O.S. 2011, Section 2406, which relates to mutual benefit associations; replacing the State Treasurer with the Insurance Commissioner to receive certain emergency or reserve funds; amending 36 O.S. 2011, Section 2503, which relates to limited stock life, accident and health insurers; replacing the State Treasurer with the Insurance Commissioner to receive certain securities; amending 36 O.S. 2011, Section 2604, which relates to not-for-profit hospital service, medical or indemnity corporations; replacing the State Treasurer with the Insurance Commissioner to receive certain deposits; amending 36 O.S. 2011, Section 2654, which relates to nonprofit optometric

service and indemnity corporations; replacing the State Treasurer with the Insurance Commissioner to receive certain deposits; amending 36 O.S. 2011, Section 2674, which relates to not-for-profit dental service corporations; replacing the State Treasurer with the Insurance Commissioner to receive certain deposits; amending 36 O.S. 2011, Section 2680, which relates to not-for-profit dental service corporations; decreasing frequency of required inspections; amending 36 O.S. 2011, Section 2691.4, which relates to nonprofit chiropractic service corporations; replacing the State Treasurer with the Insurance Commissioner to receive certain deposits; amending 36 O.S. 2011, Section 4030.9, as amended by Section 10, Chapter 269, O.S.L. 2013 (36 O.S. Supp. 2013, Section 4030.9), which relates to standard nonforfeiture law for individual deferred annuities; modifying scope of maturity date requirement; amending 36 O.S. 2011, Section 6146, which relates to the Prepaid Dental Plan Act; replacing the State Treasurer with the Insurance Commissioner to receive certain deposits; amending 36 O.S. 2011, Section 6913, which relates to the Health Maintenance Organization Act of 2001; replacing the State Treasurer with the Insurance Commissioner to receive certain deposits; providing for codification; and providing an effective date.

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

SECTION 1. AMENDATORY 36 O.S. 2011, Section 311.4, is amended to read as follows:

Section 311.4 A. Insurers authorized to do business under the provisions of the Oklahoma Insurance Code shall~~,~~ annually~~, on or before the last day of June,~~ file with the Insurance Commissioner market conduct annual statements reporting market conduct data of insurers on the thirty-first day of December of the previous year.

The statements shall report on the lines of insurance and be in such general form and context as approved by the National Association of Insurance Commissioners, and as supplemented for additional information required by the Insurance Commissioner by rule. The statements shall be prepared in accordance with NAIC instructions, including any supplemental filings described in the NAIC instructions. If no forms or instructions are available from the National Association of Insurance Commissioners, the statements shall be in the form and pursuant to instructions as provided by the Insurance Commissioner. Insurers not authorized by the Insurance Commissioner to provide the lines of insurance approved by the National Association or the Insurance Commissioner shall not be required to file market conduct annual statements. For good cause shown, the Insurance Commissioner may extend the time within which market conduct annual statements may be filed. The Insurance Commissioner may provide copies of market conduct annual statements, amendments, and addendums to such statements and market conduct data taken from such statements to the National Association of Insurance Commissioners only if, prior to sharing of the market conduct annual statements, amendments, addendums to such statements or market conduct data taken from such statements, the National Association of Insurance Commissioners enters into a written agreement with the Insurance Commissioner to maintain the confidentiality of the shared information.

B. The Insurance Commissioner may adopt rules implementing this section including rules that:

1. Add lines of insurance to be reported in market conduct annual statements; and

2. Require the filing of market conduct annual statements and any amendments and addendums to such statements with the National Association of Insurance Commissioners, and the payment of applicable filing fees required by the NAIC.

C. Insurers shall pay a filing fee of Two Hundred Dollars ($200.00) to the Insurance Commissioner for the filing of the market conduct annual statement.

D. No waiver of an applicable privilege or claim of confidentiality in the documents, materials, or other information shall occur as a result of disclosure to the Insurance Commissioner or the Commissioner's designee under this section or as a result of sharing the documents, materials or other information as provided in this section.

E. Market conduct annual statements and any amendments and addendums to such statements, filed with the Insurance Commissioner pursuant to this section in electronic format or otherwise, shall be treated as working papers and documents as set out in subsection F of Section 309.4 of ~~Title 36 of the Oklahoma Statutes~~ this title.

F. The Insurance Commissioner may use market conduct annual statements or amendments or addendums to such statements to assist

in determining whether a market conduct examination or investigation of an insurer should be conducted. For purposes of completing a market conduct examination of any company under Sections 309.1 through 309.7 of ~~Title 36 of the Oklahoma Statutes~~ this title, the Insurance Commissioner may, in the sole discretion of the Insurance Commissioner, use market conduct annual statements or amendments or addendums to such statements to assist in determining compliance with the laws of this state and rules adopted by the Insurance Commissioner.

SECTION 2. AMENDATORY 36 O.S. 2011, Section 321, is amended to read as follows:

Section 321. A. The Insurance Commissioner shall collect in advance the following fees ~~and licenses~~:

1. For filing charter documents:

Original charter documents,
articles of incorporation, bylaws,
or record of organization of alien
or foreign insurers, or certified
copies thereof.....$50.00

2. Certificate of Authority or Certificate of Approval:

(a) Issuance: .....

~~Fraternal benefit societies,~~
~~alien or foreign.....$150.00~~

~~Hospital service and medical indemnity corporations, alien or foreign.....$150.00~~

~~All other alien or foreign insurers.....~~$150.00

(b) Renewal: .....

~~Fraternal benefit societies, alien or foreign.....$150.00~~

~~Hospital service and medical indemnity corporations, alien or foreign.....$150.00~~

~~All other alien or foreign insurers.....~~$150.00

3. For filing appointment of Insurance Commissioner as agent for service of process.....$10.00

4. Miscellaneous:

(a) Copies of records, per page.....$0.40

(b) Amended charter documents, articles of incorporation or bylaws of domestic, alien or foreign insurers or health maintenance organizations.....$50.00

(c) Certificate of Commissioner, under seal.....$5.00

(d) For filing Merger and Acquisition Forms (Domestic Insurers).....$1,000.00

(e) For filing Variable Product Forms.....$200.00

(f) For filing a Life, Accident and Health Policy and Health Maintenance Organization contract.....$50.00

(g) For filing an advertisement or rider application to a Life, Accident and Health Policy and Health Maintenance Organization contract.....$25.00

(h) Pending Company Review.....$1,000.00

(i) For filing a Viatical Settlement Contract or Life Settlement.....$50.00

(j) For filing an advertisement for Viatical Settlement or Life Settlement.....$25.00

(k) For filing application for Viatical Settlement or Life Settlement Contract.....$25.00

(l) Miscellaneous form filing.....$25.00

B. There shall be assessed an annual fee of Five Hundred Dollars ($500.00) payable by each insurer, health maintenance organization, fraternal benefit society, hospital service and medical indemnity corporation, charitable and benevolent corporation, or United States surplus lines insurance companies licensed to do business in this state, to pay for the filing, processing, and reviewing of annual and quarterly financial statements by personnel of the Office of the State Insurance Commissioner.

SECTION 3. AMENDATORY 36 O.S. 2011, Section 348.1, is amended to read as follows:

Section 348.1 A. The Insurance Commissioner shall collect the following fees and licenses for the Property and Casualty Division:

1. Rating organizations, statistical agents and advisory organizations:

a. Application fee for issuance of license.....$200.00

b. License fee.....$500.00

2. Miscellaneous:

a. Certificate of Insurance Commissioner, under seal.....$ 20.00

b. Upon each transaction of filing of documents required pursuant to ~~the provisions of Sections~~ Section 3610 ~~and 6601~~ of this title and the Service Warranty Act, as contained in Sections 141.1 through 141.32 of Title 15 of the Oklahoma Statutes:

(1) For an individual insurer.....$ 50.00

(2) For an approved joint underwriting association, or rating or advisory organization:

(a) Basic fee.....$ 50.00

(b) Additional fee for each member or subscriber insurer.....$ 10.00, not to exceed.....$500.00.

3. For each rate, loss cost and rule filing request pursuant to the provisions of Sections 6821 and 981 et seq. of this title:

a. For an individual insurer.....$100.00

b. For an approved joint underwriting association, rating or advisory organization:

(1) Basic fee.....$100.00

(2) Additional fee for each member or subscriber insurer.....$ 10.00, not to exceed.....$500.00.

B. The fees, licenses, and taxes imposed by the Commissioner upon persons, firms, associations, or corporations licensed pursuant to this section shall be payment in full with respect thereto of and in lieu of all demands for any and all state, county, district, and municipal license fees, license taxes, business privilege taxes, business privilege fees, and charges of every kind now or hereafter imposed upon all such persons, firms, associations, or corporations. This subsection shall not affect other fees, licenses and taxes imposed by the Insurance Code.

C. Any costs incurred by the Commissioner in the process of review and analysis of a filing shall be assessed against the company or organization making the filing.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 350 of Title 36, unless there is created a duplication in numbering, reads as follows:

Whenever any statute or rule requires a particular form and associated payment be filed with the Insurance Department in paper form, or be mailed or hand-delivered to the Insurance Department, the Insurance Commissioner may, by appropriate order, require that all filings of that specific type be filed or delivered in an electronic format.

SECTION 5. AMENDATORY 36 O.S. 2011, Section 613, is amended to read as follows:

Section 613. A. Except as provided in subsection C of this section, any insurer that incorporates or is authorized initially to transact the business of insurance in Oklahoma after the effective date of this act shall not be issued a certificate of authority by the Insurance Commissioner unless it has deposited in trust with the ~~State Treasurer through the Insurance Commissioner's office~~ Insurance Commissioner cash or securities eligible for the investment of capital funds of domestic insurers under this Code in an amount not less than Three Hundred Thousand Dollars ($300,000.00). The Insurance Commissioner may require a greater amount to be deposited in trust if the Insurance Commissioner finds that a greater amount is warranted for the protection of the policyholders of the insurer pursuant to rules promulgated by the Insurance Commissioner. Any amount over Three Hundred Thousand Dollars ($300,000.00) must be documented and reasons stated by the Commissioner in writing for the excess deposit amount. The Commissioner will annually review those insurers with deposits above Three Hundred Thousand Dollars ($300,000.00) to determine whether such additional deposits remain justified.

B. The Insurance Commissioner shall not issue a certificate of authority to any insurer that incorporated or was initially authorized to transact the business of insurance in Oklahoma prior

to the effective date of this act unless it has deposited in trust with the ~~State Treasurer through the Insurance Commissioner's office~~ Insurance Commissioner cash or securities eligible for the investment of capital funds of domestic insurers under this Code in an amount not less than the surplus in regard to policyholders, or net admitted assets (if a Lloyd's association) required pursuant to this Code to be maintained for authority to transact the kinds of insurance to be transacted, except that in the case of life and/or accident and health insurers the deposit shall be in the amount of One Hundred Thousand Dollars ($100,000.00).

C. 1. As to domestic title insurers, the deposit shall be as required by Article 50 (Title Insurers).

2. As to foreign insurers, in lieu of such deposit or part thereof in this state, the Insurance Commissioner may accept the current certificate in proper form of the public official having supervision over insurers in any other state to the effect that a like deposit or part thereof by such insurer is being maintained in public custody in such state in trust for the purpose, among other reasonable purposes, of protection of all the insurer's policyholders or of all its policyholders and creditors.

3. As to alien insurers, other than title insurers, in lieu of such deposit or part thereof in this state, the Insurance Commissioner may accept the certificate of the official having supervision over insurance of another state in the United States,

given under his hand and seal, that the insurer maintains within the United States by way of deposits with public depositaries, or in trust institutions within the United States approved by such official, assets available for discharge of its United States insurance obligations, which assets shall be in amount not less than the outstanding liabilities of the insurer arising out of its insurance transactions in the United States, together with the largest deposit required by this Code to be made in this state by any type of domestic insurer transacting like kinds of insurance.

D. Any securities deposited by insurers shall be issued to the Insurance Commissioner and the insurer and shall not be released by any company holding such security without the signatures of the Insurance Commissioner and the authorized insurer's personnel. Failure of any company holding such security to comply with this subsection may result, after hearing by the proper licensing authority, in a fine of not more than Twenty-five Thousand Dollars ($25,000.00) per occurrence.

SECTION 6. AMENDATORY 36 O.S. 2011, Section 635, is amended to read as follows:

Section 635. A. To meet the requirements for issuance of a license and to maintain a MEWA, a MEWA either must be:

1. a. nonprofit,

b. (1) established by a trade association, industry association or professional association of

employers or professionals that has a constitution or bylaws and that has been organized and maintained in good faith for a continuous period of five (5) years for purposes other than that of obtaining or providing insurance, or

(2) requires membership in an association described in division (1) of this subparagraph in order to obtain the insurance offered by the MEWA,

c. operated pursuant to a trust agreement by a board of trustees that has complete fiscal control over the MEWA and that is responsible for all operations of the MEWA. Except as provided in this paragraph, the trustees must:

(1) be owners, shareholders, partners, officers, directors, or employees of one or more employers in the MEWA. With the Insurance Commissioner's approval, a person who is not such an owner, shareholder, partner, officer, director, or employee may serve as a trustee if that person possesses the expertise required for such service. A trustee may not be an owner, shareholder, partner, officer or employee of the administrator or service company of the MEWA,

(2) have the authority to approve applications of association members for participation in the MEWA, and

(3) have the authority to contract with an authorized administrator or service company to administer the operations of the MEWA,

d. neither offered nor advertised to the public generally,

e. operated in accordance with sound actuarial principles, and

f. offered only after Two Hundred Thousand Dollars ($200,000.00) of cash or federally guaranteed obligations of less than five-year maturity that have a fixed or recoverable principal amount or such other investments as the Commissioner may authorize by rule is titled in such a manner that it may not be traded, sold or otherwise expended without the consent of the Insurance Commissioner; provided, said funds shall be taken into account in determining whether the MEWA is actuarially sound, and evidence of said investment shall be filed with the ~~State Treasurer~~ Insurance Commissioner; or

2. a. operated pursuant to a trust agreement for a trust which has its situs in this state, is operated

pursuant to a trust agreement by a board of trustees that has complete fiscal control over the MEWA, is responsible for all operations of the MEWA, and which has as one of its trustees a financial institution which is independent of the entity which established the MEWA. Except as provided in this paragraph, the board of trustees must have owners, shareholders, partners, officers, directors or employees of one or more employers in the MEWA. With the Insurance Commissioner's approval, a person who is not such an owner, shareholder, partner, officer, director or employee may serve as a trustee if that person possesses the expertise required for such service. A trustee shall not be an owner, shareholder, partner, officer, director or employee of the administrator or service company of the MEWA,

b. operated and administered in a manner that causes all assets of the MEWA to be held in trust until paid either:

(1) for the benefit of individuals who receive medical, dental or similar benefits from the MEWA, or

(2) for the expenses of the MEWA, such as the fees of the trustee, licensed agents, administrator,

service company, and all expenses of complying with the provisions of this act,

c. offered only to employers for the benefit of their employees,

d. operated in accordance with sound actuarial principles, and

e. offered only after Two Hundred Thousand Dollars ($200,000.00) of cash or federally guaranteed obligations of less than five-year maturity that have a fixed or recoverable principal amount or such other investments as the Commissioner may authorize by rule is titled in such a manner that it may not be traded, sold or otherwise expended without the consent of the Insurance Commissioner; provided, said funds shall be taken into account in determining whether the MEWA is actuarially sound, and evidence of said investment shall be filed with the ~~State Treasurer~~ Insurance Commissioner.

B. 1. The MEWA shall issue to each covered employee a policy, contract, certificate, summary plan description, or other evidence of the benefits and coverages provided. The policy, contract, certificate, summary plan description, or other evidence of the benefits, coverages provided, premium rates to be charged and any contracts between the MEWA and any administrator or service company,

including any changes to those documents, must be filed with the Oklahoma Insurance Department. The evidence of benefits and coverages provided shall contain, in boldface type on the face page of the policy and the certificate, the following statement: "THE BENEFITS AND COVERAGES DESCRIBED HEREIN ARE PROVIDED THROUGH A TRUST FUND ESTABLISHED BY A GROUP OF EMPLOYERS (name of MEWA). THE TRUST FUND IS NOT SUBJECT TO ANY INSURANCE GUARANTY ASSOCIATION. OTHER RELATED FINANCIAL INFORMATION IS AVAILABLE FROM YOUR EMPLOYER OR FROM THE (name of MEWA). EXCESS INSURANCE IS PROVIDED BY A LICENSED INSURANCE COMPANY TO COVER CERTAIN CLAIMS WHICH EXCEED CERTAIN AMOUNTS. THIS IS THE ONLY SOURCE OF FUNDING FOR THESE BENEFITS AND COVERAGES."

2. If applicable, the same documents shall contain in boldface type on the face page of the policy and the certificate: "THE BENEFITS AND COVERAGE DESCRIBED HEREIN ARE FUNDED BY CONTRIBUTIONS FROM EMPLOYERS, EMPLOYEES, AND OTHER INDIVIDUALS ELIGIBLE FOR COVERAGE."

3. Any statement required by this subsection is not required on identification cards issued to covered employees or other insureds.

C. The Commissioner shall not grant or continue a license to any MEWA if the Commissioner reasonably deems that:

1. Any trust, manager or administrator is incompetent, untrustworthy, or so lacking in insurance expertise as to make the

operations of the MEWA hazardous to the potential and existing insureds;

2. Any trustee, manager or administrator has been found guilty of or has pled guilty or no contest to a felony, a crime involving moral turpitude, or a crime punishable by imprisonment of one (1) year or more under the law of any state or country, whether or not a judgment or conviction has been entered; or

3. Any trustee, manager or administrator has had any type of insurance license justifiably revoked in this or any other state.

D. To qualify for and retain a license, a MEWA shall file all contracts with administrators or service companies with the Insurance Commissioner, and report any changes in such contracts to the Commissioner in advance of their implementation. The Commissioner shall have the authority to cause any contract with an administrator or service company to be renegotiated if the Commissioner reasonably determines that the charges under any such contract are excessively high in light of the services being delivered under the contract.

E. An initial filing fee of One Thousand Dollars ($1,000.00) is required for licensure. Each subsequent year the MEWA is in operation, an annual fee of Two Hundred Fifty Dollars ($250.00) shall be required.

F. Failure to maintain compliance with the eligibility requirements established by this section is a ground for denial, suspension or revocation of the license of a MEWA.

SECTION 7. AMENDATORY 36 O.S. 2011, Section 1435.15, is amended to read as follows:

Section 1435.15 A. An insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. An insurance producer who is not acting as an agent of an insurer is not required to become appointed.

B. To appoint a producer as its agent, the appointing insurer, or an authorized representative of the insurer, shall file, in a format approved by the Insurance Commissioner, a notice of appointment within fifteen (15) days from the date the agency contract is executed or the first insurance application is submitted. For purposes of this section, an "authorized representative of the insurer" means a person or entity licensed by the Insurance Commissioner pursuant to the laws of this state who is authorized in writing by the appointing insurer to file appointments for the appointing insurer. An insurer or authorized representative of an insurer may also elect to appoint a producer to all or some insurers within the insurer's holding company system or group by the filing of a single appointment request.

C. Upon receipt of the notice of appointment, the Insurance Commissioner shall verify within a reasonable time not to exceed thirty (30) days that the insurance producer is eligible for appointment. If the insurance producer is determined to be ineligible for appointment, the Insurance Commissioner shall notify the insurer and the authorized representative of the insurer within five (5) days of its determination.

D. An insurer or authorized representative of an insurer shall pay ~~a biennial~~ an appointment fee, in the amount and method of payment set forth in Section 1435.23 of this title, for each insurance producer appointed by the insurer for each insurer for which the insurance producer is appointed.

E. It shall be unlawful for any insurer to discriminate among or between the insurance producers it has appointed. Any person or company convicted of violating the provisions of this section shall be guilty of a misdemeanor and shall be punished by the imposition of a fine of not more than Five Hundred Dollars ($500.00) or imprisonment in the county jail for not less than six (6) months nor more than one (1) year, or be punished by both said fine and imprisonment.

SECTION 8. AMENDATORY 36 O.S. 2011, Section 1701, is amended to read as follows:

Section 1701. The ~~State Treasurer~~ Insurance Commissioner of Oklahoma shall accept and hold in trust~~, when made through the~~

~~Insurance Commissioner,~~ deposits of securities or funds by insurers as follows:

1. Deposits required for authority to transact insurance in Oklahoma~~.~~;

2. Deposits of domestic, foreign, or alien insurers when made pursuant to the laws of other states, provinces, and countries as prerequisite for authority to transact insurance in such state, province, or country~~.~~; and

3. Deposits in such additional amounts as are permitted to be made by Section 1706 of this ~~article~~ title.

SECTION 9. AMENDATORY 36 O.S. 2011, Section 1704, is amended to read as follows:

Section 1704. A. Upon request of the insurer, the ~~State Treasurer~~ Insurance Commissioner may designate any solvent trust company or other solvent financial institution having trust powers domiciled in this State as the ~~treasurer's~~ Commissioner's depositary to receive and hold any such deposit. Any such deposit so held shall be at the expense of the insurer.

B. The State of Oklahoma shall be responsible for the safekeeping and return of all funds and securities deposited pursuant to this Code with the ~~State Treasurer~~ Insurance Commissioner or in any depositary so designated by him.

SECTION 10. AMENDATORY 36 O.S. 2011, Section 2406, is amended to read as follows:

Section 2406. Before any mutual benefit association shall do business in this state, under this article, it shall file in the office of the Insurance Commissioner, a bond of the official custodian of its fund executed by a surety company authorized to do business in this state, to be approved by the Insurance Commissioner, in the sum of Ten Thousand Dollars ($10,000.00), to be conditioned for the prompt and full accounting and payment to the association of all of its funds entrusted to said officer and that are in his or her hands, and that he or she will faithfully comply with and perform all and singular the duties and obligations imposed upon him or her by the laws of this state. If any such association shall fail or refuse to make payment of any benefit or claim against the association, after final judgment has been obtained therefor, the Insurance Commissioner shall notify the association not to issue any new certificates or solicit new business until such indebtedness is fully paid, and no officer or agent of such association shall make, sign or issue any certificate of insurance while such notice is in force. Any such mutual benefit association hereafter organized under the laws of this state shall, before it completes its organization and receives a certificate of authority to do business in this state, produce and maintain an emergency or reserve fund of at least Ten Thousand Dollars ($10,000.00), and such reserve or emergency fund produced and maintained as herein provided shall be invested in such securities as may be approved by the Insurance

Commissioner, as required by law for the investment of such funds, and they shall be deposited with the ~~State Treasurer of the State of Oklahoma~~ Insurance Commissioner and be held by him or her in trust as an emergency fund for the benefit and protection of, and as security for, the certificate holders of such associations, their legal representatives or beneficiaries, and they shall have a lien to the extent of any valid claim arising out of a valid certificate, after such claim has been allowed by the association or established by a final judgment of a court of competent jurisdiction. Such securities as are deposited with the ~~State Treasurer~~ Insurance Commissioner, pursuant to this article, shall be part of the admitted assets of the association depositing the same. Two or more such associations authorized to do business in this state where one or all of them have been authorized under the laws of this state, may merge, unite or consolidate, or may cause the business and property, in whole or in part of one or more of said associations to be transferred to one of such associations, or to any insurance association, company or corporation licensed to do business in this state, or to any person or persons: provided, however, before doing so, they shall submit to the Insurance Commissioner their agreement relating thereto, and, thereupon, he or she shall approve the same if he or she is satisfied that such merger, consolidation or transfer will not be prejudicial to the rights of the members and

that such association can comply with the terms and conditions prescribed by law for the conduct and operation thereof.

SECTION 11. AMENDATORY 36 O.S. 2011, Section 2503, is amended to read as follows:

Section 2503. No such corporation, company or association shall commence the business of insurance until the Insurance Commissioner shall have certified that it has complied with the provisions of this article, and is authorized to transact the business of insurance; provided, however, that every corporation incorporating or reincorporating under the provisions of this article shall deposit with the ~~State Treasurer~~ Insurance Commissioner securities in which insurance companies are allowed by law to invest, subject to the approval of the Insurance Commissioner, a sum not less than Twenty Thousand Dollars ($20,000.00), before it shall commence business. Said sum shall be a part of the insurance fund and an asset of the corporation. The securities deposited with the ~~State Treasurer~~ Insurance Commissioner pursuant to this section shall be held in trust as an emergency fund for the benefit and protection of and as security for the policyholders of such corporation, their legal representatives and beneficiaries.

SECTION 12. AMENDATORY 36 O.S. 2011, Section 2604, is amended to read as follows:

Section 2604. A. Corporations governed by this article shall at all times have on deposit with the ~~State Treasurer~~ Insurance Commissioner sums as follows:

1. If newly formed under this article, the sum of Fifteen Thousand Dollars ($15,000.00)~~.~~; or

2. If formed under prior law, such sum as was so required under such prior law.

Every such corporation shall deposit with the ~~State Treasurer~~ Insurance Commissioner, not later than the first day of each February, an amount equal to two percent (2%) of the gross subscriptions collected during the preceding calendar year, until the deposit of such corporation reaches a total of Twenty-five Thousand Dollars ($25,000.00). All such deposits shall be held by the ~~State Treasurer~~ Insurance Commissioner in trust for the benefit and protection of the subscribers of the corporation making the deposit.

B. The deposit prescribed by this section shall be subject to withdrawal in whole or in part on the order of and as directed by the Insurance Commissioner, but may, with the approval of the Commissioner, be invested in bonds of the United States or of the State of Oklahoma, or any political subdivision thereof, or state warrants, which shall be assigned to the ~~State Treasurer~~ Insurance Commissioner and held by him as provided for original deposits. The securities may, with the approval of the Commissioner, be exchanged

for similar securities or cash of equal amount. Interest on securities so deposited shall be payable to the corporation depositing the same.

C. An unsettled final judgment, arising upon a certificate of participation against such a corporation, shall be a lien on the deposit prescribed by this section, subject to execution after thirty (30) days from the entry of final judgment. If the deposit is reduced thereby, it shall be replenished within ninety (90) days.

D. Upon the liquidation or dissolution of such corporation and the satisfaction of all its liabilities, any balance remaining in the deposit in the hands of the ~~State Treasurer~~ Insurance Commissioner and any other assets of the insurer shall be distributed to the holders of certificates of participation in good standing at the time proceedings for the liquidation or dissolution of the corporation were commenced, prorated according to the gross amount of subscriptions which have been paid on such certificates up to the time such proceedings were commenced.

SECTION 13. AMENDATORY 36 O.S. 2011, Section 2654, is amended to read as follows:

Section 2654. A. Corporations governed by this article shall at all times have on deposit with the ~~State Treasurer~~ Insurance Commissioner the sum of Five Thousand Dollars ($5,000.00).

Every such corporation shall deposit with the ~~State Treasurer~~ Insurance Commissioner, not later than ~~the 1st day of~~ each February

1, an amount equal to two percent (2%) of the gross subscriptions collected during the preceding calendar year, until the deposit of such corporation reaches a total of Ten Thousand Dollars ($10,000.00). All such deposits shall be held by the ~~State Treasurer~~ Insurance Commissioner in trust for the benefit and protection of the subscribers of the corporation making the deposit.

B. The deposit prescribed by this section shall be subject to withdrawal in whole or in part on the order of and as directed by the Insurance Commissioner, but may, with the approval of the Commissioner, be invested in bonds of the United States or of the State of Oklahoma, or any political subdivision thereof, or state warrants, which shall be assigned to the ~~State Treasurer~~ Insurance Commissioner and held by him as provided for original deposits. The securities may, with the approval of the Commissioner, be exchanged for similar securities or cash of equal amount. Interest on securities so deposited shall be payable to the corporation depositing the same.

C. An unsettled final judgment, arising upon a certificate of participation against such a corporation, shall be a lien on the deposit prescribed by this section, subject to execution after thirty (30) days from the entry of final judgment. If the deposit is reduced thereby, it shall be replenished within ninety (90) days.

D. Upon the liquidation or dissolution of such corporation and the satisfaction of all its liabilities, any balance remaining in

the deposit in the hands of the ~~State Treasurer~~ Insurance Commissioner and any other assets of the insurer shall be distributed to the holders of certificates of participation in good standing at the time proceedings for the liquidation or dissolution of the corporation were commenced, prorated according to the gross amount of subscriptions which have been paid on such certificates up to the time such proceedings were commenced.

SECTION 14. AMENDATORY 36 O.S. 2011, Section 2674, is amended to read as follows:

Section 2674. A. Each corporation governed by this Article shall at all times have on deposit with the ~~State Treasurer~~ Insurance Commissioner the sum of Fifteen Thousand Dollars ($15,000.00). In addition every such corporation shall deposit with the ~~State Treasurer~~ Insurance Commissioner, not later than the first day of each February, an amount equal to two percent (2%) of the gross subscriptions collected during the preceding calendar year, until the deposit of such corporation reaches a total of Twenty-five Thousand Dollars ($25,000.00). All such deposits shall be held by the ~~State Treasurer~~ Insurance Commissioner in trust for the benefit and protection of the subscribers of the corporation making the deposit.

B. The deposit prescribed by this section shall be subject to withdrawal in whole or in part on the order of and as directed by the Insurance Commissioner and may be invested in bonds of the

United States or of the State of Oklahoma, or any political subdivision thereof, or state warrants, which shall be assigned to the ~~State Treasurer~~ Insurance Commissioner and held by him as provided for original deposits. The securities may, with the approval of the Commissioner, be exchanged for similar securities or cash of equal amount. Interest on securities so deposited shall be payable to the corporation depositing the same.

C. An unsettled final judgment, arising upon a certificate of participation against such a corporation, shall be a lien on the deposit prescribed by this section, subject to execution after thirty (30) days from the entry of final judgment. If the deposit is reduced thereby, it shall be replenished within ninety (90) days.

D. Upon the liquidation or dissolution of such corporation and the satisfaction of all its liabilities, any balance remaining in the deposit in the hands of the ~~State Treasurer~~ Insurance Commissioner and any other assets of the insurer shall be distributed in the manner directed by the directors of the dental service corporation.

SECTION 15. AMENDATORY 36 O.S. 2011, Section 2680, is amended to read as follows:

Section 2680. A. Each dental service corporation shall annually, on or before the last day of March, file in the office of the Insurance Commissioner a full, true and complete statement of the condition of the corporation on December 31 of the preceding

year in such form as shall be prescribed by the Insurance Commissioner, and which shall be verified under oath by at least two ~~(2)~~ of the principal officers of the corporation.

B. Whenever the Insurance Commissioner deems it pertinent or necessary, and at least once in each period of ~~three (3)~~ five (5) years, the Insurance Commissioner shall personally, or by his authorized representative, visit each corporation and thoroughly inspect and examine its financial condition, its ability to fulfill its obligations, whether it has complied with the provisions of the law, and any other facts relative to its business methods, management and the equity of its dealings with its members. The Insurance Commissioner may summon and administer the oath to and examine as witnesses the directors, officers, trustees, agents, representatives and members of any corporation and any other person or persons relative to its affairs, transactions and condition. Any corporation so examined shall pay the proper charges for the per diem, travel and other necessary expenses in connection therewith.

SECTION 16. AMENDATORY 36 O.S. 2011, Section 2691.4, is amended to read as follows:

Section 2691.4 A. Each corporation governed by this article shall at all times have on deposit with the ~~State Treasurer~~ Insurance Commissioner the sum of Fifteen Thousand Dollars ($15,000.00). In addition every such corporation shall deposit with the ~~State Treasurer~~ Insurance Commissioner, not later than the first

day of each February, an amount equal to two percent (2%) of the gross subscriptions collected during the preceding calendar year, until the deposit of such corporation reaches a total of Twenty-five Thousand Dollars ($25,000.00). All such deposits shall be held by the ~~State Treasurer~~ Insurance Commissioner in trust for the benefit and protection of the subscribers of the corporation making the deposit.

B. The deposit prescribed by this section shall be subject to withdrawal in whole or in part on the order of and as directed by the Insurance Commissioner and may be invested in bonds of the United States or of the State of Oklahoma, or any political subdivision thereof, or state warrants, which shall be assigned to the ~~State Treasurer~~ Insurance Commissioner and held by him as provided for original deposits. The securities may, with the approval of the Commissioner, be exchanged for similar securities or cash of equal amount. Interest on securities so deposited shall be payable to the corporation depositing the same.

C. An unsettled final judgment, arising upon a certificate of participation against such a corporation, shall be a lien on the deposit prescribed by this section, subject to execution after thirty (30) days from the entry of final judgment. If the deposit is reduced thereby, it shall be replenished within ninety (90) days.

D. Upon the liquidation or dissolution of such corporation and the satisfaction of all its liabilities, any balance remaining in

the deposit in the hands of the ~~State Treasurer~~ Insurance Commissioner and any other assets of the insurer shall be distributed in the manner directed by the directors of the chiropractic service corporation.

SECTION 17. AMENDATORY 36 O.S. 2011, Section 4030.9, as amended by Section 10, Chapter 269, O.S.L. 2013 (36 O.S. Supp. 2013, Section 4030.9), is amended to read as follows:

Section 4030.9 For the purpose of determining the benefits calculated under Sections 4030.7 and 4030.8 of this title for annuity contracts issued on or after November 1, 2013, ~~in the case of annuity contracts under which an election may be made to have annuity payments commence at optional maturity dates,~~ the maturity date shall be deemed to be the latest date for which election shall be permitted by the contract, but shall not be deemed to be later than the anniversary of the contract next following the annuitant's seventieth birthday or the tenth anniversary of the contract, whichever is later. ~~Except that~~ However, if surrender charge scales are measured from the date of each premium payment, the maturity date shall be deemed to be the latest date for which election shall be permitted by the contract, but shall not be deemed to be later than the anniversary of the contract next following the annuitant's seventieth birthday or the tenth anniversary of the payment, whichever is later.

SECTION 18. AMENDATORY 36 O.S. 2011, Section 6146, is amended to read as follows:

Section 6146. A. A prepaid dental plan organization shall keep on deposit with the ~~State Treasurer~~ Insurance Commissioner cash certificates of deposit issued by solvent insured banks and trust companies in Oklahoma, or a combination of cash certificates or securities eligible for investment of capital funds, which have been approved by the Commissioner in the following amounts:

Number of members	Deposit
5,000 or less	$25,000.00
5,001 - 7,500	$30,000.00
7,501 - 10,000	$50,000.00
10,001 - 15,000	$75,000.00
15,001 - 20,000	$100,000.00
20,001 - 25,000	$125,000.00
25,001 - 30,000	$150,000.00
30,001 - 40,000	$175,000.00
40,001 and above	$200,000.00

B. The deposit required by the provisions of subsection A of this section shall be held by the ~~State Treasurer~~ Insurance Commissioner in trust for the benefit and protection of persons covered by a prepaid dental plan and shall not be subject to attachment by any creditors of the prepaid dental organization or plan.

C. Any securities required by the provisions of subsection A of this section, with the approval of the Commissioner, may be exchanged for similar securities or cash of equal amount. Interest on securities deposited shall be payable to the prepaid dental plan organization depositing such securities.

D. An unpaid final judgment arising upon a membership coverage shall be a lien on the deposit held by the ~~State Treasurer~~ Insurance Commissioner, subject to execution after thirty (30) days from the entry of final judgment, unless the judgment is satisfied. If the deposit held by the ~~State Treasurer~~ Insurance Commissioner is reduced, said deposit shall be replenished within ninety (90) days by the prepaid dental plan organization.

E. The deposit prescribed by the provisions of subsection A of this section shall not apply to a prepaid dental plan organization which is funded by the state, a political subdivision of the state, or the United States.

F. Upon liquidation or dissolution of a prepaid dental plan organization and the satisfaction of all debts and liabilities of the organization, any balance remaining of the cash or securities deposit as prescribed in subsection A of this section together with any other assets of the prepaid dental plan organization shall be returned by the Commissioner to the prepaid dental plan organization.

SECTION 19. AMENDATORY 36 O.S. 2011, Section 6913, is amended to read as follows:

Section 6913. A. 1. Before issuing any certificate of authority, the Insurance Commissioner shall require that the health maintenance organization have an initial net worth of One Million Five Hundred Thousand Dollars ($1,500,000.00) and that the HMO shall thereafter maintain the minimum net worth required under paragraph 2 of this subsection.

2. Except as provided in paragraphs 3 and 4 of this subsection, every health maintenance organization shall maintain a minimum net worth equal to the greater of:

a. One Million Five Hundred Thousand Dollars ($1,500,000.00),

b. two percent (2%) of annual premium revenues as reported on the most recent annual financial statement filed with the Insurance Commissioner on the first One Hundred Fifty Million Dollars ($150,000,000.00) of premium and one percent (1%) of annual premium on the premium in excess of One Hundred Fifty Million Dollars ($150,000,000.00),

c. an amount equal to the sum of three (3) months of uncovered health care expenditures as reported on the most recent financial statement filed with the Insurance Commissioner, or

d. an amount equal to the sum of:

(1) eight percent (8%) of annual health care expenditures, except those paid on a capitated basis or managed hospital payment basis, as reported on the most recent financial statement filed with the Insurance Commissioner, and

(2) four percent (4%) of annual hospital expenditures paid on a managed hospital payment basis, as reported on the most recent financial statement filed with the Insurance Commissioner.

3. Every health maintenance organization licensed before the effective date of this act shall maintain a minimum net worth of the greater of Seven Hundred Fifty Thousand Dollars ($750,000.00) or:

a. twenty-five percent (25%) of the amount required by paragraph 2 of this subsection by December 31, 2003,

b. fifty percent (50%) of the amount required by paragraph 2 of this subsection by December 31, 2004,

c. seventy-five percent (75%) of the amount required by paragraph 2 of this subsection by December 31, 2005, and

d. one hundred percent (100%) of the amount required by paragraph 2 of this subsection by December 31, 2006.

4. a. In determining net worth, no debt shall be considered fully subordinated unless the subordination clause is

in a form acceptable to the Insurance Commissioner. An interest obligation relating to the repayment of any subordinated debt shall be similarly subordinated.

b. The interest expenses relating to the repayment of a fully subordinated debt shall be considered covered expenses.

c. A debt incurred by a note meeting the requirements of this section, and otherwise acceptable to the Insurance Commissioner, shall not be considered a liability and shall be recorded as equity.

B. 1. Unless otherwise provided below, each health maintenance organization shall deposit with the Insurance Commissioner or, at the discretion of the Insurance Commissioner, with any organization or trustee acceptable to the Insurance Commissioner through which a custodial or controlled account is utilized, cash, securities, or any combination of these or other measures that are acceptable to the Insurance Commissioner, which at all times shall have a value of not less than Five Hundred Thousand Dollars ($500,000.00).

2. The deposit shall be an admitted asset of the health maintenance organization in the determination of net worth.

3. All income from deposits shall be an asset of the organization. A health maintenance organization that has made a securities deposit may withdraw that deposit or any part thereof after making a substitute deposit of cash, securities, or any

combination of these or other measures of equal amount and value. Any securities shall be approved by the Insurance Commissioner before being deposited or substituted.

4. The deposit shall be used to protect the interests of the health maintenance organization's enrollees and to ensure continuation of health care services to enrollees of a health maintenance organization that is in rehabilitation or conservation. The Insurance Commissioner may use the deposit for administrative costs directly attributable to a receivership or liquidation. If a health maintenance organization is placed in receivership or liquidation, the deposit shall be an asset subject to the provisions of the Uniform Insurers Liquidation Act.

5. The Insurance Commissioner may reduce or eliminate the deposit requirement if a health maintenance organization deposits with the ~~State Treasurer, Insurance~~ Commissioner~~,~~ or other official body of the state or jurisdiction of domicile for the protection of all subscribers and enrollees of the health maintenance organization, wherever located, cash, acceptable securities or surety, and delivers to the Insurance Commissioner a certificate to that effect, duly authenticated by the appropriate state official holding the deposit.

C. 1. Every health maintenance organization shall, when determining liabilities, include an amount estimated in the aggregate to provide for:

a. any unearned premium,

b. the payment of all claims for incurred health care expenditures, whether reported or unreported, that are unpaid and for which the organization is or may be liable, and

c. the expense of adjustment or settlement of those claims.

2. The liabilities shall be computed in accordance with rules promulgated by the Insurance Commissioner upon reasonable consideration of the ascertained experience and character of the health maintenance organization.

D. 1. Every contract between a health maintenance organization and a participating provider of health care services shall be in writing and shall provide that, in the event the health maintenance organization fails to pay for health care services as set forth in the contract, a subscriber or an enrollee shall not be liable to the provider for any sums owed by the health maintenance organization.

2. In the event that the participating provider contract has not been reduced to writing as required by this subsection or that the contract fails to contain the required prohibition, the participating provider shall not collect or attempt to collect from a subscriber or an enrollee sums owed by the health maintenance organization.

3. No participating provider or the provider's agent, trustee or assignee may maintain an action at law against a subscriber or enrollee to collect sums owed by the health maintenance organization.

E. The Insurance Commissioner shall require that each health maintenance organization have a plan for handling insolvency that allows for continuation of benefits for the duration of the contract period for which premiums have been paid and continuation of benefits to subscribers or enrollees who are confined on the date of insolvency in an inpatient facility until their discharge or expiration of benefits. In considering such a plan, the Insurance Commissioner may require:

1. Insurance to cover the expenses to be paid for continued benefits after an insolvency;

2. Provisions in provider contracts that obligate the provider to provide services for the duration of the period after the health maintenance organization's insolvency for which premium payment has been made and until the enrollees' discharge from inpatient facilities;

3. Insolvency reserves;

4. Acceptable letters of credit; or

5. Any other arrangements to ensure continuation of benefits as specified above.

F. An agreement to provide health care services between a provider and a health maintenance organization shall require that if the provider terminates the agreement, the provider shall give the organization at least ninety (90) days' advance notice of such termination.

SECTION 19. This act shall become effective November 1, 2014.

54-2-9700 AMM 01/10/14