

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 2931

By: Tedford

AS INTRODUCED

An Act relating to insurance; amending 36 O.S. 2021, Section 2025, which relates to the Oklahoma Life and Health Insurance Guaranty Association coverage; increasing guarantee fund for annuities; and providing an effective date.

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

SECTION 1. AMENDATORY 36 O.S. 2021, Section 2025, is amended to read as follows:

Section 2025. A. For the policies and contracts specified in subsection B of this section, the Oklahoma Life and Health Insurance Guaranty Association Act shall provide coverage:

1. a. To persons, who regardless of where they reside, except for nonresident certificate holders under group policies or contracts, are the beneficiaries, assignees or payees, including health care providers rendering services covered under health insurance policies or certificates, of the persons covered under subparagraph b of this paragraph,

b. To persons who are owners of or certificate holders or enrollees under the policies or contracts, other than structured settlement annuities, and in each case who:

(1) are residents, or

(2) are not residents, but only under all of the following conditions:

(a) the member insurer that issued the policies or contracts are domiciled in this state,

(b) the states in which the persons reside have associations similar to the Oklahoma Life and Health Insurance Guaranty Association created by this act, and the persons are not eligible for coverage by an association in any other state due to the fact that the insurer or health maintenance organization was not licensed in the state at the time specified in the guaranty association law of the state;

2. Subparagraphs a and b of paragraph 1 of this subsection shall not apply to structured settlement annuities specified in subsection B of this section and in the Oklahoma Life and Health Insurance Guaranty Association Act shall, except as provided in paragraphs 3 and 4 of this subsection, provide coverage to a person

1 who is a payee under a structured settlement annuity or a
2 beneficiary of a payee if the payee is deceased, if the payee:

3 a. is a resident, regardless of where the contract owner
4 resides, or

5 b. is not a resident, but only under both of the
6 following conditions:

7 (1) (a) the contract owner of the structured
8 settlement annuity is a resident, or

9 (b) the contract owner of the structured
10 settlement annuity is not a resident but:

11 i. the insurer that issued the structured
12 settlement annuity is domiciled in this
13 state, and

14 ii. the state in which the contract owner
15 resides has an association similar to
16 the association created by the Oklahoma
17 Life and Health Insurance Guaranty
18 Association Act, and

19 (2) neither the payee nor beneficiary nor the
20 contract owner is eligible for coverage by the
21 association of the state in which the payee or
22 contract owner resides;

23 3. The Oklahoma Life and Health Insurance Guaranty Association
24 Act shall not provide coverage to a person who is a payee or

1 beneficiary of a contract owner resident of this state, if the payee
2 or beneficiary is afforded coverage by the association of another
3 state; and

4 4. The Oklahoma Life and Health Insurance Guaranty Association
5 Act is intended to provide coverage to a person who is a resident of
6 this state and in special circumstances, to a nonresident. In order
7 to avoid duplicate coverage, if a person who would otherwise receive
8 coverage under the Oklahoma Life and Health Insurance Guaranty
9 Association Act is provided coverage under the laws of any other
10 state, the person shall not be provided coverage under the Oklahoma
11 Life and Health Insurance Guaranty Association Act. In determining
12 the application of the provisions of this paragraph to situations
13 where a person could be covered by the association of more than one
14 state, whether as an owner, payee, enrollee, beneficiary or
15 assignee, the Oklahoma Life and Health Insurance Association Act
16 shall be construed in conjunction with the laws of other states to
17 result in coverage by only one association.

18 B. 1. The Oklahoma Life and Health Insurance Guaranty
19 Association Act shall provide coverage to the persons specified in
20 subsection A of this section for policies or contracts of direct,
21 non-group life insurance, health insurance, which for the purposes
22 of this act includes health maintenance organization subscriber
23 contracts and certificates, or annuities and supplemental policies
24 or contracts to any of these, and for certificates under direct

1 group policies and contracts, except as limited by the Oklahoma Life
2 and Health Insurance Guaranty Association Act. Annuity contracts
3 and certificates under group annuity contracts include allocated
4 funding agreements, structured settlement annuities and any
5 immediate or deferred annuity contracts.

6 2. Except as provided in paragraph 3 of this subsection, the
7 Oklahoma Life and Health Insurance Guaranty Association Act shall
8 not provide coverage for:

- 9 a. a portion of a policy or contract not guaranteed by
10 the insurer, or under which the risk is borne by the
11 policy or contract owner,
- 12 b. a policy or contract of reinsurance, unless assumption
13 certificates have been issued pursuant to the
14 reinsurance policy or contract,
- 15 c. a portion of a policy or contract to the extent that
16 the rate of interest on which it is based, or the
17 interest rate, crediting rate or similar factor
18 determined by use of an index or other external
19 reference stated in the policy or contract employed in
20 calculating returns or changes in value:
 - 21 (1) averaged over the period of four (4) years prior
22 to the date on which the Association becomes
23 obligated with respect to the policy or contract,
24 exceeds a rate of interest determined by

1 subtracting two (2) percentage points from
2 Moody's Corporate Bond Yield Average averaged for
3 that same four-year period or for such lesser
4 period if the policy or contract was issued less
5 than four (4) years before the Association became
6 obligated, and

7 (2) on and after the date on which the Association
8 becomes obligated with respect to the policy or
9 contract, exceeds the rate of interest determined
10 by subtracting three (3) percentage points from
11 Moody's Corporate Bond Yield Average as most
12 recently available,

13 d. a portion of a policy or contract issued to a plan or
14 program of an employer, association or other person to
15 provide life, health or annuity benefits to its
16 employees, members or others, to the extent that the
17 plan or program is self-funded or uninsured, including
18 but not limited to benefits payable by an employer,
19 association or other person under:

- 20 (1) a Multiple Employer Welfare Arrangement as
21 defined in 29 U.S.C. Section 1144,
22 (2) a minimum premium group insurance plan,
23 (3) a stop-loss group insurance plan, or
24 (4) an administrative services only contract,

1 e. a portion of a policy or contract to the extent that
2 it provides for:

3 (1) dividends or experience rating credits,

4 (2) voting rights, or

5 (3) payment of any fees or allowances to any person,
6 including the policy or contract owner, in
7 connection with the service to or administration
8 of the policy or contract,

9 f. a policy or contract issued in this state by a member
10 insurer at a time when it was not licensed or did not
11 have a certificate of authority to issue the policy or
12 contract in this state,

13 g. a portion of a policy or contract to the extent that
14 the assessments required by Section 2030 of this title
15 with respect to the policy or contract are preempted
16 by federal or state law,

17 h. an obligation that does not arise under the express
18 written terms of the policy or contract issued by the
19 member insurer to the enrollee, certificate holder or
20 contract or policy owner, including without
21 limitation:

22 (1) claims based on marketing materials,

23 (2) claims based on side letters, riders or other

24 documents that were issued by the member insurer

- 1 without meeting applicable policy or contract
2 form filing or approval requirements,
- 3 (3) misrepresentations of or regarding policy or
4 contract benefits,
- 5 (4) extra-contractual claims, or
- 6 (5) a claim for penalties or consequential or
7 incidental damages,
- 8 i. a contractual agreement that establishes the
9 obligations of the member insurer to provide a book
10 value accounting guaranty for defined contribution
11 benefit plan participants by reference to a portfolio
12 of assets that is owned by the benefit plan or its
13 trustee, which in each case is not an affiliate of the
14 member insurer,
- 15 j. an unallocated annuity contract,
- 16 k. a portion of a policy or contract to the extent it
17 provides for interest or other changes in value to be
18 determined by the use of an index or other external
19 reference stated in the policy or contract, but which
20 have not been credited to the policy or contract, or
21 as to which the policy or contract owner's rights are
22 subject to forfeiture, as of the date the member
23 insurer becomes an impaired or insolvent insurer under
24 the Oklahoma Life and Health Insurance Guaranty

1 Association Act, whichever is earlier. If a policy's
2 or contract's interest or changes in value are
3 credited less frequently than annually, then for
4 purposes of determining the values that have been
5 credited and are not subject to forfeiture under this
6 subparagraph, the interest or change in value
7 determined by using the procedures defined in the
8 policy or contract will be credited as if the
9 contractual date of crediting interest or changing
10 values was the date of impairment or insolvency,
11 whichever is earlier, and will not be subject to
12 forfeiture, or

- 13 1. a policy or contract providing any hospital, medical,
14 prescription drug or other health care benefits
15 pursuant to Part C or Part D of Subchapter XVIII,
16 Chapter 7 of Title 42 of the United States Code,
17 commonly known as Medicare Part C or Part D, or
18 Subchapter XIX, Chapter 7 of Title 42 of the United
19 States Code or any regulations issued pursuant
20 thereto.

- 21 3. The exclusion from coverage in this section shall not apply
22 to any portion of a policy or contract, including a rider that
23 provides long-term care or any other health insurance benefits.

1 C. The benefits that the Association may become obligated to
2 cover shall in no event exceed the lesser of:

3 1. The contractual obligations for which the member insurer is
4 liable or would have been liable if it were not an impaired or
5 insolvent insurer; or

6 2. a. with respect to any one life, regardless of the number
7 of policies or contracts:

8 (1) Three Hundred Thousand Dollars (\$300,000.00) in
9 life insurance death benefits, but not more than
10 One Hundred Thousand Dollars (\$100,000.00) in net
11 cash surrender and net cash withdrawal values for
12 life insurance,

13 (2) for health insurance benefits:

14 (a) One Hundred Thousand Dollars (\$100,000.00)
15 for coverages not defined as disability
16 income insurance or health benefit plans or
17 long-term care insurance as defined in
18 Section 4424 of this title, including any
19 net cash surrender and net cash withdrawal
20 values,

21 (b) Three Hundred Thousand Dollars (\$300,000.00)
22 for insurance providing income payments to
23 an insured wage earner when income is
24 interrupted or terminated because of

1 illness, sickness or accident, commonly
2 known as disability income insurance and
3 Three Hundred Thousand Dollars (\$300,000.00)
4 for long-term care insurance as defined in
5 Section 4424 of this title, and

6 (c) Five Hundred Thousand Dollars (\$500,000.00)
7 for health benefit plans, or

8 (3) ~~Three Hundred Thousand Dollars (\$300,000.00)~~ Five
9 Hundred Thousand Dollars (\$500,000.00) in the
10 present value of annuity benefits, including net
11 cash surrender and net cash withdrawal values, or

12 b. with respect to each payee of a structured settlement
13 annuity or beneficiary or beneficiaries of the payee
14 if the payee is deceased, ~~Three Hundred Thousand~~
15 ~~Dollars (\$300,000.00)~~ Five Hundred Thousand Dollars
16 (\$500,000.00) in present value annuity benefits, in
17 the aggregate, including net cash surrender and net
18 cash withdrawal values,

19 c. however, in no event shall the Association be
20 obligated to cover more than:

21 (1) an aggregate of ~~Three Hundred Thousand Dollars~~
22 ~~(\$300,000.00)~~ Five Hundred Thousand Dollars
23 (\$500,000.00) in benefits with respect to any one
24 life under this subparagraph and subparagraphs a

1 and b of this paragraph ~~except~~ and with respect
2 to health benefit plans under division (2) of
3 subparagraph a of this paragraph, ~~in~~ which ~~case~~
4 the aggregate liability of the Association shall
5 not exceed Five Hundred Thousand Dollars
6 (\$500,000.00) with respect to any one individual,
7 or

8 (2) with respect to one owner of multiple non-group
9 policies of life insurance, whether the policy or
10 contract owner is an individual, firm,
11 corporation or other person, and whether the
12 persons insured are officers, managers, employees
13 or other persons, more than Five Million Dollars
14 (\$5,000,000.00) in benefits, regardless of the
15 number of policies and contracts held by the
16 owner,

17 d. the limitations set forth in this subsection are
18 limitations on benefits for which the Association is
19 obligated before taking into account either its
20 subrogation and assignment rights or the extent to
21 which those benefits could be provided out of the
22 assets of the impaired or insolvent insurer
23 attributable to covered policies. The costs of the
24 obligations of the Association under the Oklahoma Life

1 and Health Insurance Guaranty Association Act may be
2 met by the use of assets attributable to covered
3 policies or reimbursed to the Association pursuant to
4 its subrogation and assignment rights,

5 e. for purposes of the Oklahoma Life and Health Insurance
6 Guaranty Association Act, benefits provided by a long-
7 term care rider to a life insurance policy or annuity
8 contract shall be considered the same type of benefits
9 as the base life insurance policy or annuity contract
10 to which it relates.

11 D. In performing its obligations to provide coverage under
12 Section 2028 of this title, the Association shall not be required to
13 guarantee, assume, reinsure, reissue or perform, or cause to be
14 guaranteed, assumed, reinsured, reissued or performed, the
15 contractual obligations of the insolvent or impaired insurer under a
16 covered policy or contract that do not materially affect the
17 economic values or economic benefits of the covered policy or
18 contract.

19 SECTION 2. This act shall become effective November 1, 2026.
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