

1 **SENATE FLOOR VERSION**

2 April 24, 2025

3 **AS AMENDED**

4 ENGROSSED HOUSE  
5 BILL NO. 2144

6 By: Kannady, Deck, Pae,  
7 Schreiber, Rosecrants,  
8 Provenzano, Moore, Harris,  
9 Miller, Roe, Humphrey,  
10 Ranson, Townley, Pfeiffer,  
11 Caldwell (Chad), Cantrell,  
12 Turner, Marti, George,  
13 Manger, and Waldron of the  
14 House

15 and

16 Weaver and Hines of the  
17 Senate

18 [ insurance - cause of action - determination -  
19 policy, contract, or plan provisions - administrative  
20 remedies - trial by jury - damages - award -  
21 codification - effective date ]

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

23 SECTION 1. NEW LAW A new section of law to be codified  
24 in the Oklahoma Statutes as Section 1119 of Title 12, unless there  
is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Insurance  
Consumers Protection Act".

1       SECTION 2.       NEW LAW       A new section of law to be codified

2 in the Oklahoma Statutes as Section 1119.1 of Title 12, unless there  
3 is created a duplication in numbering, reads as follows:

4       As used in the Insurance Consumers Protection Act:

5       1. "Bad faith" means conduct of an insurer that violates its  
6 duty or duties of good faith and fair dealing to a first-party  
7 claimant or third-party beneficiary by acts including but not  
8 limited to unreasonably or untimely refusing to pay or tender the  
9 proper benefits for a valid claim under the insurance policy. This  
10 duty of good faith and fair dealing is contained in every insurance  
11 contract and is a nondelegable duty;

12       2. "First-party claimant" means an individual corporation,  
13 association, partnership, or other legal entity asserting an  
14 entitlement to benefits owed directly to or on behalf of an insured  
15 under an insurance policy. First-party claimants include a public  
16 entity that has paid a claim for benefits dues to an insurer's  
17 unreasonable delay or denial of the claim;

18       3. "Insurance" is a contract whereby one undertakes to  
19 indemnify another or to pay a specified amount upon determinable  
20 contingencies;

21       4. "Insurer" means every person engaged in the business of  
22 making, selling, or binding contracts of **health** insurance or  
23 indemnity in Oklahoma, except for independent insurance agents and  
24 captive insurance agents that market for only one insurer. A

1 nonprofit hospital service and medical indemnity corporation is an  
2 insurer within the meaning of this act. The term insurer does not  
3 include burial associations;

4 5. "Insured" means a person for whom the insurance policy is  
5 written to protect;

6 6. "Issued in this state" refers to every health and disability  
7 policy, **health** insurance contract, **health** insurance certificate, and  
8 **health** insurance agreement existing, offered, issued, delivered, or  
9 renewed in the State of Oklahoma or providing health or disability  
10 benefits to a resident or domiciliary of the State of Oklahoma and  
11 every employee benefit plan covering a resident or domiciliary of  
12 the State of Oklahoma, whether or not on behalf of an employer  
13 located or domiciled in Oklahoma, on or after January 1, 2005,  
14 notwithstanding any contractual or statutory choice-of-law provision  
15 to the contrary;

16 7. "Person" means an individual, entity, company, insurer,  
17 association, organization, society, reciprocal or inter-insurance  
18 exchange, partnership, syndicate, business trust, or corporation;

19 8. "Prior authorization" or "pre-authorization" means the  
20 review and approval by the insurer of treatment recommendations from  
21 a health insurance policyholder's physician or the review by the  
22 insured's agent experienced in remedying the type of casualty or  
23 damage at issue; and  
24

1        9. "Third-party beneficiary" means a person that receives  
2 **health** benefits from a contract between two other parties, one of  
3 which is an insurer, even though they are not a party to the  
4 contract.

5        SECTION 3.        NEW LAW        A new section of law to be codified  
6 in the Oklahoma Statutes as Section 1119.2 of Title 12, unless there  
7 is created a duplication in numbering, reads as follows:

8        A. There is hereby created a statutory cause of action for an  
9 insured under **a health** insurance policy, as a first-party claimant,  
10 and any third-party beneficiary to the contract of insurance between  
11 the insurer and insured, to maintain an action in district court or  
12 any court of competent jurisdiction for the bad faith refusal of or  
13 untimely pre-authorization of benefits, and for payment of such  
14 benefits.

15        B. Provided, however, the recommended treatment for which pre-  
16 authorization or payment of benefits is sought shall be reasonable  
17 and necessary for the person covered by the insurance policy. The  
18 reasonableness and necessity of the recommended treatment shall be  
19 determined by a jury.

20        C. Either the first-party claimant or third-party beneficiary  
21 may prosecute a claim for bad faith created by this act.

22        D. **A health** insurance policy, insurance contract, or plan that  
23 is issued in this state shall not contain a provision purporting to  
24 reserve discretion to the insurer, plan administrator, or claim

1 administrator to interpret the terms of the policy, contract, or  
2 plan or to determine eligibility for benefits. If an insurance  
3 policy, contract, or plan contains such a provision, the provision  
4 is void.

5 E. There is no requirement to exhaust any administrative  
6 remedies with the Oklahoma Insurance Department before filing an  
7 action asserting a cause of action for bad faith in a district  
8 court.

9 F. A claimant under this section is entitled to a trial by  
10 jury.

11 G. The issue of bad faith is always a question of fact which  
12 must be submitted to a jury pursuant to Section 6 of Article 2 of  
13 the Oklahoma Constitution.

14 SECTION 4. NEW LAW A new section of law to be codified  
15 in the Oklahoma Statutes as Section 1119.3 of Title 12, unless there  
16 is created a duplication in numbering, reads as follows:

17 A. There is hereby created a statutory cause of action against  
18 an insurer, except pursuant to an insurance policy providing for  
19 statutory workers' compensation benefits under the Administrative  
20 Workers' Compensation Act in Title 85A of the Oklahoma Statutes or  
21 the Workers' Compensation Code in Title 85 of the Oklahoma Statutes,  
22 if the action or actions of the insurer is in bad faith as defined  
23 by this act.

24

1 B. There is no requirement to exhaust any administrative  
2 remedies with the Oklahoma Insurance Department before filing an  
3 action asserting a cause of action for bad faith in a district  
4 court.

5 C. A claimant under this section is entitled to a trial by  
6 jury.

7 D. The issue of bad faith is always a question of fact which  
8 must be submitted to a jury.

9 E. The duty of good faith and fair dealing is contained in  
10 every insurance contract and is a nondelegable duty.

11 SECTION 5. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 1119.4 of Title 12, unless there  
13 is created a duplication in numbering, reads as follows:

14 A cause of action for bad faith created by this act shall lie  
15 if:

16 1. The insurer was required under the **health** insurance policy  
17 to pay the insured's claim;

18 2. The insurer's refusal to pay the claim was unreasonable or  
19 untimely under the circumstances related to the claim;

20 3. The insurer had no reasonable basis for the refusal, or the  
21 amount it offered to satisfy the claim was unreasonably low; or

22 4. The violation by the insurer of its duty of good faith and  
23 fair dealing was the direct cause of the injury sustained by the  
24 insured.

SECTION 6. NEW LAW A new section of law to be codified

in the Oklahoma Statutes as Section 1119.5 of Title 12, unless there is created a duplication in numbering, reads as follows:

A. If the insurer violates its duty or duties of good faith and fair dealing, the amount of damages shall be fixed as the amount of money that will compensate a first-party claimant or third-party beneficiary for any loss suffered as a result of the breach of the duty of good faith and fair dealing.

B. In fixing the amount of damages, the jury may consider financial losses, emotional distress, embarrassment, loss of reputation, and mental pain and suffering.

C. The jury may award punitive damages for the sake of example and by way of punishing the insurer based upon the following factors, in accordance with Section 9.1 of Title 23 of the Oklahoma Statutes:

1. The profitability of the misconduct to the insurer;
2. The duration of the misconduct and any concealment of it;
3. The attitude and conduct of the insurer upon discovery of the bad faith action; and
4. The financial condition of the insurer.

D. Category I. Where the jury finds by clear and convincing evidence that an insurer has recklessly disregarded its duty to deal fairly and act in good faith with its insured; the jury, in a separate proceeding conducted after the jury has made such finding

1 and awarded actual damages, may award punitive damages in an amount  
2 not to exceed the greater of:

3 1. One Hundred Thousand Dollars (\$100,000.00); or

4 2. The amount of the actual damages awarded.

5 E. Category II. Where the jury finds by clear and convincing  
6 evidence that:

7 1. An insurer has acted intentionally and with malice towards  
8 others; or

9 2. An insurer has intentionally and with malice breached its  
10 duty to deal fairly and act in good faith with its insured.

11 The jury, in a separate proceeding conducted after the jury has  
12 made such finding and awarded actual damages, may award punitive  
13 damages in an amount not to exceed the greatest of:

14 a. Five Hundred Thousand Dollars (\$500,000.00),

15 b. twice the amount of actual damages awarded, or

16 c. the increased financial benefit derived by the insurer  
17 as a direct result of the conduct causing the injury  
18 to the plaintiff and other persons or entities.

19 F. Category III. Where the jury finds by clear and convincing  
20 evidence that:

21 1. An insurer has acted intentionally and with malice towards  
22 others; or

23 2. An insurer has intentionally and with malice breached its  
24 duty to deal fairly and act in good faith with its insured, and the



1 court finds, on the record and out of the presence of the jury, that  
2 there is evidence beyond a reasonable doubt that the insurer acted  
3 intentionally and with malice and engaged in conduct life-  
4 threatening to humans, the jury, in a separate proceeding conducted  
5 after the jury has made such finding and awarded actual damages, may  
6 award punitive damages in any amount the jury deems appropriate,  
7 without regard to the limitations set forth in subsections B and C  
8 of this section. Any award of punitive damages under this  
9 subsection awarded in any manner other than as required in this  
10 subsection shall be void and reversible error.

11 G. In determining the amount, if any, of punitive damages to be  
12 awarded under either subsection B, C, or D of this section, the jury  
13 shall make the award based upon the factors set forth in subsection  
14 A of this section.

15 H. Any award of punitive damages under this section awarded in  
16 any manner other than as required in this section shall be void and  
17 reversible error.

18 SECTION 7. NEW LAW A new section of law to be codified  
19 in the Oklahoma Statutes as Section 1119.6 of Title 12, unless there  
20 is created a duplication in numbering, reads as follows:

21 A cause of action for bad faith as provided for by this act  
22 requires analysis of the insurer's action and not the interpretation  
23 of any health insurance plan or how a health insurance plan relates  
24 to the claim. Any insurance contract issued in this state that

1 offers health insurance benefits shall not contain a provision  
2 purporting to reserve discretion to the insurer to interpret the  
3 terms of the contract. If an insurance contract contains such a  
4 provision, the provision is void. The interpretation of a health  
5 insurance plan shall not be a defense to a bad faith cause of  
6 action.

7 SECTION 8. NEW LAW A new section of law to be codified  
8 in the Oklahoma Statutes as Section 1119.7 of Title 12, unless there  
9 is created a duplication in numbering, reads as follows:

10 The causes of actions authorized in this act are in addition to,  
11 and do not limit or affect, other actions available by statute or  
12 common law, now or in the future. The statutory causes of action  
13 created by this act are in addition to the common law bad faith  
14 causes of action and in no way limit remedies or rights established  
15 by common law for the cause of action for breach of the duty of good  
16 faith and fair dealing under Oklahoma law.

17 SECTION 9. This act shall become effective November 1, 2025.

18 COMMITTEE REPORT BY: COMMITTEE ON RULES  
19 April 24, 2025 - DO PASS AS AMENDED  
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