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FAQs for BULLETIN No. Life & Health 2013-01, PC 2013-04

AMENDED JULY 19, 2013-PLEASE REVIEW CAREFULLY

The following guidance is intended to address questions relating to the captioned bulletin. The Oklahoma Insurance Department appreciates the cooperation received from all carriers during this emergency period.

1. Does Bulletin Life & Health 2013-01 and PC 2013-04 apply to all lines of business?

Yes, the Bulletin applies to all lines of insurance and all insurance companies doing business in Oklahoma.

2. Must an insured take affirmative steps to benefit from the Bulletin?

No. The Bulletin applies to all property and insured lives in the affected counties. A listing of the affected zip codes is attached.

Coverage for insureds in the affected counties shall continue under all insurance policies in effect immediately preceding the storms occurring on May 19 to 20, 2013 and shall remain in effect until June 18, 2013.

3. Is a company required to reverse nonrenewals? If so, can a company cancel coverage once the emergency period is over?

Any cancellation or nonrenewal that was scheduled to go into effect during the emergency period must wait until the emergency period terminates. After the emergency period, a company may cancel or nonrenew in accordance with statutory cancellation provisions.

4. If coverage was scheduled to end during the emergency period, must coverage be extended to the end of the emergency?

Yes, the cancellation or nonrenewal must be deferred to the end of the emergency. The company must provide extended coverage or provide a grace period during the pendency of the emergency. Companies may bill for the additional premium due for the coverage extension.

5. Will a company be able to cancel a policy where the company does not receive the premium payment by the end of the emergency period, or will the company be required to issue another cancellation notice providing legal notice?

The Bulletin specifies that coverage will continue and remain in effect for the duration of the Governor's original Executive Order, i.e. until June 18, 2013.

Any rate increases for policies in the affected counties shall be deferred during the pendency of the emergency. The coverage shall remain in effect at the previously established rate.

6. Does this provision apply to rating or underwriting factors that increase premium (i.e., prior at-fault accidents, change in age, or increase or decrease of “sliding” amount, etc.)?

No. If the insured was scheduled to experience a premium increase or decrease due to rating or underwriting factors at renewal (even if that individual’s renewal falls during the emergency period), the adjusted premium can go into effect. Only rate increases filed with the Department with an effective date during the emergency period shall be ineffective until the emergency terminates.

7. If a rate increase is scheduled to take effect on an insured’s policy because that policy renews during the emergency period, must that rate increase be implemented at the next policy renewal date, or can the policy be endorsed to reflect the rate change after the emergency period expires?

The rate increase must be deferred or postponed until the emergency terminates. The company can endorse the policy to reflect the rate change with the effective date beginning with the first day that the order is lifted, but not retroactively, to the renewal date. Or, the company could implement the rate change at the next renewal date.

8. If a policy renews after the emergency period, can a company implement a rate increase that was filed before or during the emergency period?

Yes, the rate increase could be applied.

9. How does the bulletin apply to new business, i.e. what if the policyholder adds a driver to an existing policy?

The Executive Order does not apply to new business rates. Adding additional coverage would be like new business, and the Order would not apply.

The Bulletin and these FAQs outline the parameters of the Oklahoma Insurance Department’s expectations regarding this moratorium on nonrenewals, cancellations, and rate increases during the emergency period. As long as the company takes the necessary steps to implement the terms of the Executive Order and the Bulletin, and fully documents its actions, the Oklahoma Insurance Department will not take a position or give advice as to how companies should do so.

ZIP CODES AFFECTED

Caddo- 73001, 73005, 73006, 73009, 73015, 73017, 73029, 73033, 73038, 73042, 73048, 73053
Cleveland- 73019, 73068, 73069, 73070, 73071, 73072, 73160, 73165, 73170, 73173, 74857
Comanche- 73501, 73502, 73503, 73505, 73506, 73507, 73527, 73538, 73540, 73541, 73543, 73557, 73558, 73567
Creek- 74010, 74028, 74030, 74039, 74041, 74044, 74050, 74052, 74066, 74067, 74068, 74071
Garfield- 73701, 73702, 73703, 73705, 73706, 73720, 73727, 73730, 73733, 73735, 73736, 73738, 73743, 73753, 73754, 73773
Grant- 73758, 73759, 73761, 73766, 73771
Greer- 73547, 73554, 73673
Kiowa- 73559, 73564, 73566, 73651, 73655
Lincoln- 74824, 74832, 74834, 74855, 74864, 74869, 74875, 74881
Logan- 73027, 73028, 73044, 73050, 73056, 73058, 73063, 73073
McClain- 73010, 73065, 73080, 73093, 73095, 74831
Okfuskee- 74829, 74833, 74859, 74860, 74880
Oklahoma- 73003, 73007, 73008, 73012, 73013, 73020, 73025, 73034, 73045, 73047, 73049, 73054, 73066, 73083, 73084, 73097, 73101, 73102, 73103, 73104, 73105, 73106, 73107, 73108, 73109, 73110, 73111, 73112, 73113, 73114, 73115, 73116, 73117, 73118, 73119, 73120, 73121, 73122, 73123, 73124, 73125, 73126, 73127, 73128, 73129, 73130, 73131, 73132, 73134, 73135, 73136, 73137, 73139, 73140, 73141, 73142, 73143, 73144, 73145, 73146, 73147, 73148, 73149, 73150, 73151, 73152, 73152, 73153, 73154, 73155, 73156, 73157, 73159, 73162, 73163, 73164, 73167, 73169, 73172, 73178, 73179, 73184, 73185, 73189, 73190, 73193, 73194, 73195, 73196, 73197, 73198, 73199,
Pawnee- 74034, 74038, 74045, 74058, 74081
Payne- 74023, 74032, 74059, 74062, 74074, 74075, 74076, 74077, 74078, 74085
Pottawatomie- 74801, 74802, 74804, 74826, 74840, 74851, 74852, 74866, 74878