



INSURANCE COMMISSIONER  
State of Oklahoma

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**Bulletin PBM 2017-01**

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**Effective Immediately**

**To: All Pharmacy Benefits Managers ("PBMs")**

**FROM: John D. Doak, Insurance Commissioner**

**Re: Surety Bond**

**DATE: September 7, 2017**

The Department has received a significant number of questions and comments concerning the surety bonding requirement set forth in Oklahoma Administrative Code Sec. O.A.C. 365:25-29-6.

The cited Regulation provides in relevant part as follows:

**365:25-29-6. Surety bond**

(a) Prior to the issuance of a pharmacy benefits manager license, the PBM applicant shall file with the Commissioner and thereafter keep in effect, as long as the license remains in effect, a surety bond in an amount determined to be sufficient by the Commissioner. The bond shall be in a form acceptable to the Commissioner and for the purpose of securing conformity with the laws and regulations governing pharmacy benefits managers. The bond shall be for the benefit of parties protected by the provisions of 59 O.S. §§ 357-360.

(b) The surety bond must provide that no party may cancel the bond without first giving thirty (30) days written notice to the principal and the Commissioner.

(c) Absent a finding otherwise, a bond with limits of One Million Dollars (\$1,000,000.00) per occurrence and Five Million Dollars (\$5,000,000.00), annual aggregate, shall be deemed to be sufficient.

Based upon the comments received from PBMs and surety insurers including the Surety & Fidelity Association of America (SFAA), the Commissioner makes a finding that the amount of surety bond as provided in section 365:25-29-6(c) is not readily available in the market and therefore amends said surety bond requirement as follows:

Absent a finding otherwise, a bond with a minimum penal sum ~~of limits~~ pursuant to the following table ~~of One Million Dollars (\$1,000,000.00) per occurrence and Five Million Dollars (\$5,000,000.00), annual aggregate~~, shall be deemed to be sufficient:

<u>Annual Oklahoma Covered Lives<sup>1</sup></u>	<u>Minimum Penal Sum</u>
0-5,000	\$50,000
5,001-10,000	\$100,000
10,001 - 25,000	\$250,000
25,001 – 50,000	\$500,000
50,001 -100,000	\$750,000
100,001 - Up	\$1,000,000

Questions applicable to this bulletin should be directed to Lauren Lynch at [lauren.lynch@oid.ok.gov](mailto:lauren.lynch@oid.ok.gov) or to Sara Worten of the Legal Division at [sara.worten@oid.ok.gov](mailto:sara.worten@oid.ok.gov).

The Oklahoma Insurance Department encourages readers of this bulletin to periodically check the Department's website at <http://www.ok.gov/oid/> for news and updates to bulletins and other relevant material.

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<sup>1</sup> The number of total covered individuals or lives served under all of the PBMs contracts or agreements in Oklahoma.