



Oklahoma INSURANCE Department
State of Oklahoma

BULLETIN NO. LH 2013-03 & PC 2013-11

TO: All Life & Health Insurers Licensed in the State of Oklahoma
All P&C Insurers Licensed in the State of Oklahoma
All Rating and Advisory Organizations
All Joint Underwriting Associations
All Third Party Administrators Licensed in Oklahoma

RE: Stop Loss Insurance Coverage aka Excess Loss, Excess Risk Coverage

FROM: John D. Doak, Insurance Commissioner

DATE: November 25, 2013

This bulletin will supersede Oklahoma Insurance Department's Bulletin LH 2008-01/PC 2008-04 dated June 18, 2008, regarding Stop Loss Insurance Coverage, aka Excess Loss or Excess Risk Coverage, used in conjunction with self-funded employer benefit plans under ERISA.

All companies writing stop loss coverage must file their policy forms with the Oklahoma Insurance Department for prior approval. We do not consider these policies to be a form of reinsurance; therefore, they are not exempt from our approval.

All Insurers must comply with this bulletin. A Property and Casualty insurer may file an excess loss or risk policy as a contractual liability contract with the Property and Casualty section of the Rate and Form Compliance Division. Such a filing is exempt from prior approval if the requirements of the Commissioner's Order 07-1190-PMT are met. An Accident and Health Insurer shall file their forms for approval with the Life and Health section of the Rate and Form Compliance Division.

The following requirements shall be met for the coverage to be considered a stop loss policy:

1. The policy must be issued to, and insure, the sponsor of the plan, or the plan itself, not the employees, members or participants.
2. Payment by the insurer must be made to the sponsor of the plan or the plan itself, not the employees, members, participants, or providers.
3. The individual stop-loss amount, (i.e. retention or attachment point), must be at least \$10,000.

4. The aggregate stop-loss amount, (i.e. retention or attachment point), shall be, at a minimum, 120% of expected paid claims.

If all of the above requirements are met, then pursuant to the authority granted to the Commissioner by 36 O.S. §3612(A), the policy will not be required to comply with Oklahoma's mandated health benefit laws. If a policy fails any one of the above requirements, then the coverage will be considered a group accident and health policy, and will be subject to all group accident and health statutes and rules.

All filings shall verify that each of the above requirements that apply has been met. Also verify that the plan or plan sponsor's bankruptcy or insolvency will not relieve the insurer from the payment of any claim covered by the policy.

Stop loss policies sold through surplus lines companies shall be expected to meet all of the requirements of this bulletin.

Stop loss policies currently in force must comply with this bulletin at the earlier of the policy's next renewal date or December 1, 2013. Stop loss policies first issued after December 1, 2013 must comply with the requirements of this Bulletin.

Questions or comments applicable to this bulletin should be directed to:

**Oklahoma Insurance Department
Susan Dobbins, General Counsel
Five Corporate Plaza, 3625 NW 56th
Suite 100
Oklahoma City, OK 73112**

The Oklahoma Insurance Department encourages readers of this notice to periodically check the Department's web site <http://www.oid.ok.gov/> for news and updates to Bulletins and other relevant material.