

RULE IMPACT STATEMENT

1. RULE

Proposed PERMANENT rules:

Subchapter 7.	Companies
Part 17.	Corporate Governance [NEW]
365:25-7-90.	Authority [NEW]
365:25-7-91.	Purpose [NEW]
[NEW]	
365:25-7-94.	Contents of Corporate Governance Annual Disclosure [NEW]
365:25-7-95.	Severability clause [NEW]
Part 19.	Annual Financial Reporting [NEW]
365:25-7-100.	Authority [NEW]
365:25-7-101.	Purpose and scope [NEW]
365:25-7-102.	Definitions [NEW]
365:25-7-103.	General requirements related to filing and extensions for filing of annual audited financial reports and audit committee reports [NEW]
365:25-7-104.	Contents of annual audited financial report [NEW]
365:25-7-105.	Designation of independent certified public accountant [NEW]
365:25-7-106.	Qualifications of independent certified public accountant [NEW]
365:25-7-107.	Consolidated or combined audits [NEW]
365:25-7-108.	Scope of audit and report of independent certified public accountant [NEW]
365:25-7-109.	Notification of adverse financial condition [NEW]
365:25-7-110.	Communication of internal control related matters noted in audit [NEW]
365:25-7-111.	Accountant's letter of qualifications [NEW]
365:25-7-112.	Definition, availability and maintenance of independent certified public accountants work papers [NEW]
365:25-7-113.	Requirements for audit committees [NEW]
365:25-7-114.	Internal audit function requirements [NEW]
365:25-7-115.	Conduct of insurer in connection with the preparation of required reports and documents [NEW]
365:25-7-116.	Management's report of internal control over financial reporting [NEW]
365:25-7-117.	Exemptions and effective dates [NEW]
365:25-7-118.	Canadian and British companies [NEW]
365:25-7-119.	Severability provision [NEW]
Subchapter 29.	Pharmacy Benefits Managers
365:25-29-1.	Purpose [AMENDED]
365: 25-29-2.	Scope [AMENDED]
365:25-29-3.	Authority [AMENDED]
365:25-29-4.	Definitions [AMENDED]
365:25-29-5.	Forms and contents of application for PBM license [AMENDED]
365:25-29-6.	Surety bond [AMENDED]
365:25-29-7.1	Retail pharmacy network access [NEW]
365:25-29-9.	Contractual requirements – maximum allowable cost

	[AMENDED]
365:25-29-10.	Penalty for noncompliance [AMENDED]
365:25-29-12.	Commissioner's authority – advisory committee [NEW]
365:25-29-13.	Claims payment [NEW]
365:25-29-14.	Inquiry/complaint handling process [NEW]
365:25-29-15.	Examinations of PBMs and health insurers [NEW]
Appendix B.	Form B: Oklahoma Insurance Holding Company System Registration Statement [REVOKED]
Appendix B.	Form B: Oklahoma Insurance Holding Company System Registration Statement [NEW]
Appendix D.	Fidelity Bond [REVOKED]
Appendix D.	Fidelity Bond [NEW]
Appendix E.	Application to Withdraw Funds Deposited for Prepaid Funeral Expenses [REVOKED]
Appendix E.	Application to withdraw funds deposited for prepaid funeral expenses [NEW]
Appendix F.	Buyers Application to Terminate Contract or Withdraw Funds Previously Deposited for Prepaid Funeral Benefits Under a Non-Specified or Guaranteed Contract [REVOKED]
Appendix F.	Buyers Application to Terminate Contract or Withdraw Funds Previously Deposited for Prepaid Funeral Benefits Under a Non-Specified or Guaranteed Contract [NEW]
Appendix G.	Annual Report [REVOKED]
Appendix G.	Annual Report [NEW]
Appendix H.	Annual Statement of Financial Condition (Reconciliation of Trust Accounts) [REVOKED]
Appendix H.	Annual Statement of Financial Condition (Reconciliation of Trust Accounts) [NEW]
Appendix N.	Form C: Summary of Registration statement [REVOKED]
Appendix N.	Form C: Summary of Registration Statement [NEW]
Appendix O.	Form D: Prior Notice of a Transaction [REVOKED]
Appendix O.	Form D: Prior Notice of a Transaction [NEW]
Appendix Q.	Form E [REVOKED]
Appendix Q.	Form E [NEW]
Appendix R.	Conversion From Pre-Paid Funeral Trust to Insurance Funded Contracts [REVOKED]
Appendix R.	Conversion From Pre-Paid Funeral Trust to Insurance Funded Contracts [NEW]

2. PURPOSE

365:25-7-90 through 365:25-7-95 is added to support the Corporate Governance Annual Disclosure Act (36 O.S. § 1534-1541) passed by the legislature in 2019. The Corporate Governance Annual Disclosure Act was passed to provide the Commissioner a summary of an insurer or insurance group's corporate governance structure, policies and practices to permit the Commissioner to gain and maintain an understanding of the insurer's corporate governance framework, and to provide the requirements for completing the Corporate Governance Annual Disclosure.

365:25-7-100 through 365:25-7-119 is added to support the Oklahoma Annual Financial Report Act (36 O.S. §§ 311A.1-311A.18) which is to improve the surveillance of the Insurance Commissioner over the financial condition of insurers. This act was passed by the legislature in 2019.

Subchapter 29 is amended due to the passage of HB 2632, codified as 36 O.S. §§ 6858-6868.

The changes to the appendices B, D, E, F, G, H, N, O, and Q update the dates without any substantive changes. The change to appendix R is to strike the former requirement of 36 O.S. § 6136(C)(2) superseded November 1, 2009.

3. CLASSES AFFECTED:

- a. Insurance companies
- b. Prepaid Funeral Benefits permit holder
- c. Consumers
- d. Licensed Pharmacy Benefit Managers
- e. Health Insurers
- f. Oklahoma Insurance Commissioner
- g. Pharmacies and Pharmacists
- h. Public

4. COST IMPACTS ON PRIVATE OR PUBLIC ENTITIES:

No Information

5. CLASSES BENEFITTED:

- a. Consumers
- b. Insurance companies
- c. Prepaid Funeral Benefits permit holder
- d. Pharmacies and Pharmacists

6. ECONOMIC IMPACT:

A negative impact of up to \$5,000,000.00 for fiscal year 2020 due to passage of 36 O.S. §§ 6858-6868; unknown or none for remaining changes

7. PROBABLE COST TO AGENCY AND EFFECT ON STATE REVENUES:

None Anticipated

8. SOURCE OF REVENUE:

Normal yearly budgeted funds

9. MEASURES TAKEN TO MINIMIZE COMPLIANCE COSTS:

None

10. EFFECT ON THE PUBLIC HEALTH, SAFETY AND ENVIRONMENT:

Unknown

11. LESS COSTLY/LESS INTRUSIVE METHODS:

Unknown

12. EFFECT ON PUBLIC HEALTH, SAFETY, AND ENVIRONMENT IF RULE NOT IMPLEMENTED:

Unknown

13. EFFECT ON SMALL BUSINESS

Implementation of the proposed rule will not have an adverse effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act.

14. DATE PREPARED

February 19, 2020