

## RULE IMPACT STATEMENT

### 1. Rules

#### Proposed PERMANENT rules:

- Subchapter 1. General Provisions
  - 365:25-1-1. Purpose [REVOKED]
  - 365:25-1-2. Severability [REVOKED]
- Subchapter 3. Producers, Brokers, Limited Lines Producers and Vehicle Protection Product
- Warrantors
  - 365:25-3-1. Insurance producers continuing education [AMENDED]
  - 365:25-3-12. Insurance consultants and surplus lines insurance brokers [AMENDED]
  - 365:25-3-14. Insurance adjusters continuing education [AMENDED]
  - 365:25-3-15. Variable product licensing [AMENDED]
  - 365:25-3-21. Training and education requirements for the sale of annuities [AMENDED]
- Subchapter 5. Bail Bondsmen
  - Part 1. Continuing Education
    - 365:25-5-2. Definitions [AMENDED]
    - 365:25-5-4. Application for course approval [AMENDED]
    - 365:25-5-5. Approval or denial of course; certificate of completion [AMENDED]
    - 365:25-5-6. Proof of completion; video courses [AMENDED]
    - 365:25-5-9. Severability provision [REVOKED]
  - Part 5. General Provisions Pertaining to Bail Bondsmen
    - 365:25-5-32. Examination fees [REVOKED]
    - 365:25-5-38. Ten defendant limit [REVOKED]
  - Part 7. Specific Financial Circumstances Warranting Release of Professional Deposit
    - 365:25-5-50. Authority and scope [REVOKED]
- Subchapter 7. Companies
  - Part 3. Redomestication
    - 365:25-7-10. Purpose [REVOKED]
    - 365:25-7-11. Application to become domestic insurer, form [AMENDED]
  - Part 5. Oklahoma Insurance Holding Company System Regulatory Act
    - 365:25-7-21. Severability provision [REVOKED]
    - 365:25-7-23. Forms: general requirements [AMENDED]
  - Part 7. Companies in Hazardous Financial Condition
    - 365:25-7-40. Authority [REVOKED]
    - 365:25-7-45. Separability [REVOKED]
  - Part 11. Credit for Reinsurance
    - 365:25-7-65. Credit for reinsurance - Reinsurers maintaining trust funds [AMENDED]
    - 365:25-7-66. Credit for reinsurance required by law [AMENDED]
    - 365:25-7-67. Asset or reduction from liability for reinsurance ceded to an unauthorized assuming insurer not meeting the requirements of 365:25-7-62 through 66 and 365:25-7-73 [AMENDED]
    - 365:25-7-68. Trust agreements qualified under Section 365:25-7-67 [AMENDED]
    - 365:25-7-70. Reinsurance contract [AMENDED]
    - 365:25-7-72. Letters of credit qualified under 365:25-7-67 [AMENDED]
    - 365:25-7-73. Credit for reinsurance - certified reinsurers [AMENDED]
    - 365:25-7-74. Credit for reinsurance - reciprocal jurisdiction [NEW]
  - Part 19. Annual Financial Reporting
    - 365:25-7-102. Definitions [AMENDED]
    - 365:25-7-106. Qualifications of independent certified public accountant [AMENDED]
  - Part 21. Insurance Business Transfers [NEW]

- 365:25-7-1. Diagram [NEW]
- 365:25-7-2. Timeline [NEW]
- 365:25-7-3. Independent expert documentation [NEW]
- 365:25-7-4. Notice [NEW]
- Part 23. Term and Universal Life Insurance Reserve Financing [NEW]
- 365:25-7-130. Authority [NEW]
- 365:25-7-131. Purpose and Intent [NEW]
- 365:25-7-132. Applicability [NEW]
- 365:25-7-133. Exemptions from this regulation. [NEW]
- 365:25-7-134. Definitions [NEW]
- 365:25-7-135. The Actuarial Method [NEW]
- 365:25-7-136. Requirements applicable to covered policies to obtain credit for reinsurance; opportunity for remediation [NEW]
- 365:25-7-137. Severability [NEW]
- 365:25-7-138. Prohibition against avoidance [NEW]
- 365:25-7-139. Effective date [NEW]
- Subchapter 9. Prepaid Funeral Benefits
- 365:25-9-1. Purpose [REVOKED]
- 365:25-9-2. Contract approval [AMENDED]
- 365:25-9-3. Forms [AMENDED]
- 365:25-9-7. Severability provision [REVOKED]
- Subchapter 11. Viatical Settlements Regulation
- 365:25-11-1. Approval of viatical settlement contracts by Commissioner pursuant to 36 O.S. § 4055.5 [REVOKED]
- 365:25-11-4.1. Standards for evaluation of reasonable payments for terminally ill insureds [AMENDED]
- 365:25-11-6. General Rules [AMENDED]
- 365:25-11-9. Insurance company practices [AMENDED]
- Subchapter 15. Captive Insurance Companies Regulation
- 365:25-15-3. Annual Audit [AMENDED]
- 365:25-15-12. Acquisition of control of or merger with domestic company [REVOKED]
- 365:25-15-13. Change of business [AMENDED]
- 365:25-15-14. Prior approval [AMENDED]
- 365:25-15-25. Confidentiality [NEW]
- Subchapter 17. Consumer Protection in Annuity Transactions Regulation
- 365:25-17-1. Purpose [AMENDED]
- 365:25-17-2. Scope [AMENDED]
- 365:25-17-4. Exemptions [AMENDED]
- 365:25-17-5. Definitions [AMENDED]
- 365:25-17-7. Duties of insurers and insurance providers [AMENDED]
- 365:25-17-8. Mitigation of responsibility [AMENDED]
- 365:25-17-9. Recordkeeping [AMENDED]
- 365:25-17-10. Effective date [NEW]
- Subchapter 19. Annuity Disclosure Regulation
- 365:25-19-2. Authority [REVOKED]
- 365:25-19-8. Separability [REVOKED]
- 365:25-19-9. Effective Date [REVOKED]
- Subchapter 21. Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities
- 365:25-21-6. Effective date [REVOKED]

- Subchapter 23. Cemetery Merchandise Trusts
  - 365:25-23-1. Purpose [REVOKED]
  - 365:25-23-3. Contract approval [AMENDED]
  - 365:25-23-4. Forms [AMENDED]
  - 365:25-23-6. Surety bond [REVOKED]
- Subchapter 27. Military Sales Practices Regulation
  - 365:25-27-3. Authority [REVOKED]
  - 365:25-27-8. Severability [REVOKED]
- Subchapter 29. Pharmacy Benefit Managers
  - 365:25-29-1. Purpose [REVOKED]
  - 365:25-29-2. Scope [REVOKED]
  - 365:25-29-3. Authority [REVOKED]
  - 365:25-29-4. Definitions [AMENDED]
  - 365:25-29-6. Surety bond [AMENDED]
  - 365:25-29-7.1. Retail pharmacy network access - audit [AMENDED]
  - 365:25-29-9. Contractual requirements [AMENDED]
  - 365:25-29-10. Penalty for noncompliance [AMENDED]
  - 365:25-29-11. Doing pharmacy benefits management business in this state defined- venue exceptions [AMENDED]
  - 365:25-29-12. Commissioner's authority - advisory committee [REVOKED]
  - 365:25-29-13. Claims payment [AMENDED]
  - 365:25-29-15. Examinations of PBMs and health insurers [AMENDED]
  - 365: 25-29-16. Transparency requirements and aggregate reporting [NEW]
- Subchapter 30. Professional Employer Organizations
  - 365:25-30-3. Authority [REVOKED]
- Appendix E. Application to Withdraw Funds Deposited for Prepaid Funeral Expenses [REVOKED]
- 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 G. Annual Report [REVOKED]
- Appendix H. Annual Statement of Financial Condition (Reconciliation of Trust Accounts) [REVOKED]
- Appendix U. Informational Brochure to be Provided to a Prospective Viator at First Contact Pursuant to O.A.C. 365-25-11-6(A) [REVOKED]
- Appendix V. Verification of Coverage for Life Insurance Policies [REVOKED]
- Appendix W. Payouts for Insureds Who Are Terminally Ill [REVOKED]
- Appendix Z. Notice to Employees Concerning Qualified Employer [REVOKED]

## 2. PURPOSE

- 365:25-1-1. Revoked due to Governor's rule regulation EO2020-03.
- 365.:25-1-2. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-3-1. Removes requirement for earthquake continuing education for producers, and updates language from statute.
- 365:25-3-12. Removes Insurance Consultant due to legislation from 2022. Removes language duplicative of statute due to Governor's rule regulation EO2020-03.
- 365:25-3-14. Removes requirement for earthquake continuing education for adjusters. Removes language due to Governor's rule regulation EO2020-03.

- 365:25-3-15. Updates statutory citation in rules.
- 365:25-3-21. Adds appropriate “standards of conduct” to training.
- 365:25-5-2. Removes “Association” definition as we are adding Course Provider.
- 365:25-5-4. Updates “Association” with “Course Provider.”
- 365:25-5-5. Updates “Association” with “Course Provider.”
- 365:25-5-6. Updates “Association” with “Course Provider.”
- 365:25-5-9. Revoked due to Governor’s rule regulation EO2020-03.
- 365:25-5-32. Revoked due to Governor’s rule regulation EO2020-03.
- 365:25-5-38. Revoked due to changes in statute in 2022.
- 365:25-5-50. Revoked due to Governor’s rule regulation EO2020-03.
- 365:25-7-10. Revoked due to Governor’s rule regulation EO2020-03.
- 365:25-7-11. Updates rule to require electronic filing.
- 365:25-7-21. Revoked due to Governor’s rule regulation EO2020-03.
- 365:25-7-23. Updates rule to require electronic filing and allow electronic signatures.
- 365:25-7-40. Revoked due to Governor’s rule regulation EO2020-03.
- 365:25-7-45. Revoked due to Governor’s rule regulation EO2020-03.
- 365:25-7-65. Updates statutory citations from emergency rule.
- 365:25-7-66. Updates statutory citations from emergency rule.
- 365:25-7-67. Updates statutory citations and language from emergency rule.
- 365:25-7-68. Updates statutory citations from emergency rule.
- 365:25-7-70. Updates citations from emergency rule.
- 365:25-7-72. Updates citations from emergency rule.
- 365:25-7-73. Updates citations and requirements for financial statements from emergency rule.
- 365:25-7-74. Creates rules around Reciprocal Jurisdictions from emergency rule.
- 365:25-7-102. Updates citations within the rules.
- 365:25-7-106. Updates citations within the rules.
- 365:25-7-1. Describes what makes up a diagram.
- 365:25-7-2. Timeline submission.
- 365:25-7-3. Describes what is required to be submitted on the independent expert being nominated.
- 365:25-7-4. Describes what the notice shall include.
- 365:25-7-130. Provides authority for the rule.
- 365:25-7-131. Provides the purpose and intent of the rule.
- 365:25-7-132. Provides references and applicability of the rule.
- 365:25-7-133. Sets forth any exemptions form the rule.
- 365:25-7-134. Sets forth the definitions for the rule.
- 365:25-7-135. Sets forth the actuarial method to be used in compliance with the law and rule.
- 365:25-7-136. Sets forth requirements for exemption and remediation.
- 365:25-7-137. Sets forth severability clause.
- 365:25-7-138. Sets forth avoidance prohibition.
- 365:25-7-139. Sets an effective date for the new rule changes.
- 365:25-9-1. Revoked due to Governor’s rule regulation EO2020-03.
- 365:25-9-2. Removes requirement for original copies to be submitted.
- 365:25-9-3. Updates the requirements for prepaid funeral benefits permit and the forms associated.
- 365:25-9-7. Revoked due to Governor’s rule regulation EO2020-03.
- 365:25-11-1. Revoked due to Governor’s rule regulation EO2020-03.
- 365:25-11-4.1. Updates form language.
- 365:25-11-6. Updates form language.
- 365:25-11-9. Updates form language.
- 365:25-15-3. Strikes manual from rule.

- 365:25-15-12. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-15-13. Adds effective date of business plan changes.
- 365:25-15-14. Updates form language.
- 365:25-15-25. Adds a confidentiality clause for Captives that is similar to other insurance companies.
- 365:25-17-1. Adds "best interest" language for consumers.
- 365:25-17-2. Makes updates to align with best interest changes.
- 365:25-17-4. Updates "recommendation" to "transaction" to align with model law.
- 365:25-17-5. Updates definitions to align with model law.
- 365:25-17-7. Updates language to add requirements for "best interest" language from model law.
- 365:25-17-8. Updates language to follow model law.
- 365:25-17-9. Updates disclosures required.
- 365:25-17-10. Adds an effective date for this rule.
- 365:25-19-2. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-19-8. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-19-9. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-21-6. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-23-1. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-23-3. Remove language requiring original documentation.
- 365:25-23-4. Updates language on forms and removes reporting requirement.
- 365:25-23-6. Removes reporting requirement.
- 365:25-27-3. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-27-8. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-29-1. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-29-2. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-29-3. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-29-4. Updates to definitions and statutory citations.
- 365:25-29-6. Updates statutory citations
- 365:25-29-7.1. Updates directions for reporting requirements for audits and adds direction for geo access reports.
- 365:25-29-9. Clarifies requirements on contracts and MAC appeals.
- 365:25-29-10. Updates language related to penalties from legislation passed in 2022.
- 365:25-29-11. Updates language to align with statutes.
- 365:25-29-12. Revoked due to Governor's rule regulation EO2020-03.
- 365:25-29-13. Updates statutory citations and clarifies language related to complaints.
- 365:25-29-15. Updates examination rule to align with statutes.
- 365:25-29-16. Adds new language to assist with reporting requirement set forth in statute.
- 365:25-30-3. Revoked due to Governor's rule regulation EO2020-03.
- Appendix E. Updates rules to clarify that the documents required shall be submitted in accordance with the forms and in the manner prescribed by the Commissioner on the Department's website.
- Appendix F. Updates rules to clarify that the documents required shall be submitted in accordance with the forms and in the manner prescribed by the Commissioner on the Department's website.
- Appendix G. Updates rules to clarify that the documents required shall be submitted in accordance with the forms and in the manner prescribed by the Commissioner on the Department's website.

Appendix H. Updates rules to clarify that the documents required shall be submitted in accordance with the forms and in the manner prescribed by the Commissioner on the Department's website.

Appendix U. Updates rules to clarify that the documents required shall be submitted in accordance with the forms and in the manner prescribed by the Commissioner on the Department's website.

Appendix V. Updates rules to clarify that the documents required shall be submitted in accordance with the forms and in the manner prescribed by the Commissioner on the Department's website.

Appendix W. Updates rules to clarify that the documents required shall be submitted in accordance with the forms and in the manner prescribed by the Commissioner on the Department's website.

Appendix Z. Updates rules to clarify that the documents required shall be submitted in accordance with the forms and in the manner prescribed by the Commissioner on the Department's website.

### **3. CLASSES AFFECTED:**

- a. Variable Product Licensees
- b. Captive Insurance Companies
- c. Consumers
- d. Licensed Pharmacy Benefit Managers
- e. Insurance Companies
- f. Oklahoma Insurance Department
- g. Cemetery Merchandise Trusts
- h. Prepaid Funeral Benefit permit holders
- i. Producers
- j. Brokers
- k. Limited Lines Producers
- l. Vehicle Protection Product Warrantors
- m. Insurance Consultants
- n. Customer Service Representatives
- o. Adjusters

### **4. COST IMPACTS ON PRIVATE OR PUBLIC ENTITIES:**

Little to none.

### **5. CLASSES BENEFITTED:**

- a. Consumers
- b. Insurance companies

- c. Captive Insurance Companies
- d. Pharmacies and Pharmacists
- e. Cemetery Merchandise Trusts
- f. Prepaid Funeral Benefit permit holders
- g. Producers
- h. Brokers
- i. Limited Lines Producers
- j. Vehicle Protection Product Warrantors
- k. Insurance Consultants
- l. Customer Service Representatives
- m. Adjusters
- n. Oklahoma Insurance Department

**6. ECONOMIC IMPACT:**

Little to none.

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

Little to none.

**8. SOURCE OF REVENUE:**

Companies paying premium tax, application fees, or licensing fees.

**9. MEASURES TAKEN TO MINIMIZE COMPLIANCE COSTS:**

Changes do not contain any increased fees. Fee structure already in rules is comparable to our region and is in existing statute. Other changes implement existing model law that is already followed nationally or arise out of statute and should cause minimal to no increased compliance costs.

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

Rule changes relating to the auditing and reporting statutory obligations for Pharmacy Benefits Managers (“PBM”) will positively impact public health and help ensure consumers have access to retail pharmacy and cost-effective medication.

**11. LESS COSTLY/LESS INTRUSIVE METHODS:**

Regulation is being revoked due to the Governors EO 2020-03. Rule changes remove unnecessary regulation that is already addressed in the statutes and assists our licensees by reducing the number of regulations they must review for compliance. We also update the regulations to reflect statutory changes that were made last year on Insurance Consultants, Customer Service Representatives, Bail Bondsman, Captive insurers, Cemetery Merchandise Trusts, Prepaid Funeral Home Benefits, and Pharmacy Benefit Managers. We are also updating all of our forms as many are outdated or not required

any longer. Removes an additional CE requirement, which aligns our Department with the NAIC Producer Licensing Model Act. The changes to the Cemetery Merchandise Trust rules help to better align with other similar entity types and reduce any duplicate statutory language.

Finally, Regulations are updated to reflect Annuity & Suitability & Best Interest Standard Model #275 training requirement.

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

If not implemented, the OID will have many rules that are duplications of the statute and could cause confusion for consumers and those regulated by our Department.

**13. EFFECT ON SMALL BUSINESS:**

Little to none.

**14. DATE PREPARED:**

December 8, 2022