

**TITLE 365. INSURANCE DEPARTMENT
CHAPTER 15. PROPERTY AND CASUALTY**

SUBCHAPTER 1. GENERAL PROVISIONS

365:15-1-1. Purpose

The rules in this chapter provide regulations relating to property and casualty insurance.

365:15-1-2. Severability

If any provision of this chapter or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the section and the application of such provisions to the persons or circumstances shall not be affected thereby.

365:15-1-3. Property and casualty form filings

(a) **Purpose.** The purpose of this section is to specify the procedures for submitting form filings to the Insurance Commissioner as required by Article 36 of the Insurance Code.

(b) **Procedures.** Policy forms, endorsements and revisions thereto, by insurance companies and advisory organizations licensed in Oklahoma, shall be submitted in compliance with this section, or shall be rejected for filing, and the entity that made such submission shall be so notified.

(1) **Filing requirements.** The Insurance Code, Article 36, requires that each insurer shall make its form filings by line of business directly with the Insurance Commissioner. Companies may satisfy their obligation to make such filings, where authorized by law, by becoming a member or subscriber to an Oklahoma licensed advisory organization that makes such filings.

(2) **Filing fees.**

(A) Form filings shall be accompanied by the proper fees as specified in the Insurance Code. Fees shall not be paid in cash.

(B) Filings for groups of insurers shall be accompanied by the specified fee for each transaction, regardless of the number of members or subscribers.

(C) Filings by advisory organizations shall be accompanied by the specified fee for each transaction regardless of the number of members or subscribers.

(3) **Address requirements.** All filings shall be addressed as follows: Oklahoma Insurance Commissioner, 3625 NW 56th Street, Suite 100, Oklahoma City, Oklahoma 73112.

(4) **Number of copies.** All filings except those exempted shall be submitted through the System for Electronic Rate and Form Filing (SERFF) pursuant to the SERFF General Instructions. All filings including the cover letter, all exhibits, forms and additional information submitted to the Insurance Commissioner shall be typewritten or printed and submitted with one (1) legible copy of all material. Companies that file as a group listing all companies on the transmittal letter may accomplish this requirement by submitting one (1) typewritten or printed legible copy of all material.

(5) **Effective date of filings.** The effective date of form filings and the dates of required action by the Insurance Commissioner are governed by the applicable provisions of the Insurance Code.

- (6) **Notice of Insurance Commissioner action.** The Insurance Commissioner shall indicate action taken through the System for Electronic Rate and Form Filing (SERFF). Nothing in this section shall preclude the Insurance Commissioner from the use of other forms of communication to secure information from the filing entity.
- (7) **Life, accident and health insurance.** This section does not apply to Life, Accident and Health. Life, Accident and Health filings shall be made in accordance with the applicable provisions of the Insurance Code and Rules of the Insurance Commissioner.
- (8) **Postage requirements.** No submissions shall be accepted which arrive at the offices with postage due. No submissions will be returned unless the necessary postage accompanies the same.
- (9) **Filing form and content.** All filings shall contain the following:
- (A) The name of the filing entity and complete mailing address to which correspondence shall be sent.
 - (B) A "RE" or "caption" briefly describing the content and context of the filing.
 - (C) A list or index of the forms filed in the filing letter or attached thereto including the form numbers and edition date, if applicable.
 - (D) A complete description and full explanation of the changes made by the filing including, reasoning therefore, illustrative examples, including "John Doe" specimen form, and a comparison of currently approved and proposed materials (side by side comparison or marked copy).
 - (E) A concise statement to identify the form to be replaced by the filing including the approval date in this jurisdiction and the identifying filing number of the filing containing the form to be replaced as assigned by the Insurance Department.
 - (F) If a form is being withdrawn or amended due to court decisions in any jurisdiction, the filing entity shall furnish the legal citation, and if from another jurisdiction, a copy of such decision or opinion with its filing.
 - (G) If a form filing is due to a federal law or regulation of a federal agency, the filing entity shall furnish the legal citation and a copy of the pertinent provisions.
 - (H) Completed transmittal forms and exhibits.
- (10) **Withdrawal of pending filings.** Pending filings may be withdrawn by the filing entity upon notice to the Insurance Commissioner prior to the approval or disapproval thereof. The notice shall include the reason for the withdrawal.
- (11) **Duration of filings.** All filings are in effect until withdrawn or amended by the insurer or rating organization, with approval of the Insurance Commissioner or until abrogated by the Insurance Commissioner.
- (12) **Advisory organization deviations.** Every member of, or subscriber to, a licensed rating organization may adhere to any filings made on its behalf by its Advisory Organization, except that any such member or subscriber may deviate from such filings as authorized by this section if it has filed with the Advisory Organization and with the Insurance Commissioner, the deviation to be applied and information necessary to justify the deviation. If such deviation is approved, it shall remain in force until such approval is withdrawn or replaced by the insurer with approval of the Insurance Commissioner.

(13) **Group filings.** Where filings are made on behalf of more than one insurer, the filing shall list the insurer or insurers by individual name and not by Company group.

(14) **Members of or subscribers to a licensed advisory organization.**

(A) **Filings.** A licensed advisory organization may make filings on behalf of its members and subscribers except deviation filings.

(B) **Adherence to filings.** Every member of or subscriber to a licensed advisory organization may adhere to any filings made on its behalf by such organization except that any such member or subscriber may deviate from such filings upon compliance with this section and approval of the Insurance Commissioner

(C) **Individual company filings.** Members and subscribers shall not file individual forms that have been filed on their behalf by the appropriate advisory organization. Declaration pages, policy "jackets" and other forms not normally filed by the rating organization shall be filed by the insurer directly with the Insurance Commissioner.

(D) **Filing requirements; advisory organization form deviation.** If form deviations are proposed, the insurer shall file the form including supporting documentation with the Insurance Commissioner and furnish copies to the appropriate rating organization.

(E) **Agency filings.** "Agency Filings" by a Rating Organization on behalf of its members or subscribers shall be accepted by the Insurance Commissioner in instances where the rating organization does not have a filing in effect for the coverage involved.

(15) **Independent filings.** If the insurer is filing an independently developed form, the filing shall comply with the following:

(A) File Policy Forms, Endorsements, and other materials, with the Insurance Commissioner and designate them as "Independent Filings".

(B) File support of each filing in accordance with this section.

(C) For revisions, file form with the Insurance Commissioner.

(16) **Reference filings.**

(A) **Advisory Organization Filings**

(i) **Filings permitted without reference filing agreement.** Advisory Organization forms used in whole or in part may be adopted by participating insurers of a licensed advisory organization by "Reference Filings" subject to the approval of the Insurance Commissioner. When making such type filing submit a filing memorandum identifying the forms used. Departures and exceptions, if any, shall be accompanied by the necessary supporting data. Such adoption shall apply only to current filings and shall have no automatic effect as to future filings. Each advisory organization filing shall be separately and specifically adopted.

(ii) **Filings permitted with reference filing agreement.** Approved Advisory Organization material may be adopted by participating insurers of a licensed advisory organization by filing a REFERENCE FILING AGREEMENT with the Insurance Commissioner identifying the forms and material to be used. Such adoption shall apply from the date it is

approved by the Insurance Commissioner to filings in effect on that date and to all applicable future filings. It shall remain in effect until such time as the agreement is withdrawn with the approval of the Commissioner.

(iii) **Reference filing.** If filing by "Reference Filing" DO NOT file forms.

(B) **Other than Advisory Organization filings.** An insurer may adopt another insurer's filing by filing forms on the filing insurer's format and by advising the Insurance Commissioner of the names(s) of the insurer whose program is being copied, the Oklahoma filing number, and the date(s) the program was filed for that insurer. Unless an exception is granted by the Insurance Commissioner, this procedure applies only to the filing of the initial program for the adopting insurer and is subject to the review of the Insurance Commissioner.

(17) **Resubmittal of filings.** All resubmissions of disapproved or rejected filings shall be presented to the Insurance Commissioner in the same manner as required by this section for an original filing. In addition the cover letter or completed transmittal forms addressed to the Insurance Commissioner shall state the full and complete history of the filing, the reason for disapproval or rejection, and the factors which distinguish the resubmittal so it warrants reconsideration.

(18) **Retroactive filings.** The Insurance Commissioner has no authority to and shall not approve filings proposing a retroactive effective date except in cases of a filing correcting an error in a previously approved filing and in cases where required or necessitated by Statute.

(19) **Delivery of policy to insured.** In any instance whereby a policy of insurance is effected the insured shall be furnished with either:

(A) The original policy;

(B) A copy of the original policy or a duplicate policy printed with ten point or larger type; or

(C) A certificate including provisions and conditions of the original policy printed with ten point or larger type.

(20) **Coverage elimination after policy issuance.** Any endorsement which eliminates or restricts coverage and which is issued during the policy term shall be identified as accepted by the insured, by the signature of the insured thereon, and a signed copy (original, computer generated or microfilm) of such endorsement shall be retained in the files of the insurer for one year after the expiration of the policy.

(21) **Uniform standard mortgage clause.** The mortgage clause to be used by Insurance Companies in Oklahoma shall be uniform Standard Form Number 127B September 1934 Edition or subsequent editions, except upon written application by an insurer or rating organization, a clause providing broader coverage may be approved by the Insurance Commissioner.

(22) **Claims-made policies.**

(A) The policy application and the Declarations page of each claims-made policy shall include a conspicuous notice indicating that the contract is a claims-made policy and advising the policyholder to read its provisions.

(B) The policy shall provide for extended reporting period options based on rules, rates or rating plans approved by or filed with the Insurance Commissioner. If so

stated in the policy, the extended reporting period options shall not be required to be offered if a policy is cancelled for nonpayment of premium or a material representation or fraud.

(23) New forms, reductions in coverage.

(A) Form filings that may result in the elimination of claims (losses) shall be considered as a relevant factor to be given due consideration by the Insurance Commissioner as respects rates in effect or proposed for the coverage involved.

(B) The filer shall fully disclose the rate consideration so that Commissioner can be notified of the form filing. The form filing may be disapproved if the rate effect has not been considered in rules, rates or rating plans approved by or filed with the Commissioner.

[Source: Amended at 14 Ok Reg 2305, eff 7-1-97; Amended at 19 Ok Reg 1299, eff 7-14-02; Amended at 20 Ok Reg 1736, eff 7-14-03; Amended at 21 Ok Reg 1659, eff 7-14-04; Amended at 22 Ok Reg 2041, eff 7-14-05; Amended at 23 Ok Reg 2730, eff 7-14-06; Amended at 24 Ok Reg 2209, eff 7-14-2007; Amended at 25 Ok Reg 1656, eff 7-14-2008; Amended at 27 Ok Reg 1542, eff 7-14-10; Amended at 28 Ok Reg 1961, eff 7-14-11; Amended at 30 Ok Reg 1783, eff 7-14-13; Amended at 32 Ok Reg 1942, eff 9-15-15]

365:15-1-3.1. Workers' compensation optional deductible form

(a) The Administrative Workers' Compensation Act, 85A O.S. § 95 ("AWCA"), requires insurers issuing policies of workers' compensation insurance to offer, as a part of the policy or as an endorsement to the policy, deductibles, optional to the policyholder, for benefits payable under the AWCA. Each policy of workers' compensation that is issued, delivered, issued for delivery, or renewed under the AWCA shall include such optional deductible. The mandatory optional deductible required by the AWCA will be satisfied by the offer of a "Small Deductible" as defined in this Section. If an applicant and insurer mutually agree to a Large or Mega Deductible, such agreement shall satisfy the requirement of the AWCA that insurers offer optional deductibles. The selection of a Small, Large, or Mega Deductible shall be evidenced by signature of the applicant employer on the Commissioner's designated Acceptance/Rejection Form as contained in Appendix "B" to this Chapter.

As used in this Section:

(1) "Deductible" means a policy provision or endorsement that, while requiring the insurer to pay 100% of each covered claim, creates a corresponding obligation of the insured employer to reimburse the insurance company for any portion of that claim that is part of the deductible.

(2) "Small Deductible" means a combined medical benefits and indemnity claims deductible of \$1,000.00; \$2,000.00; \$3,000.00; \$4,000.00, or \$5,000.00 per claim.

(3) "Large Deductible" means a combined medical benefits and indemnity claims deductible greater than \$5,000.00 but not more than \$100,000.00 per claim. A Large Deductible may be offered to applicants, on negotiated terms, based upon the applicant's financial condition, industry, claims experience, and collateral.

- (4) "Mega Deductible" means a combined medical benefits and indemnity claims deductible greater than \$100,000.00 per claim. Mega Deductibles are subject to OAC 365:15-1-3.2.
- (b) Insurers may offer a contractual limit on the employer's aggregate reimbursement liability.
- (c) Obligations If Deductible Option Is Selected
- (1) If the policyholder chooses a deductible, the insured employer shall be liable for the amount of the deductible for benefits paid for each compensable claim of work injury suffered by an employee.
- (2) The insurer shall pay all or part of the deductible amount, whichever is applicable to a compensable claim, to the person or medical providers entitled to the benefits conferred by the AWCA, and seek reimbursement from the insured employer for the applicable deductible amount.
- (3) The insured employer must reimburse the insurer within sixty (60) days of a written demand. If the insured employer fails to reimburse the insurer within sixty (60) days, the insurer may seek to recover the full amount of such claim from the insured employer. In addition, the non-payment of deductible amounts shall be treated in the same manner as non-payment of premiums for purposes of cancellation.
- (d) Experience Modification for Small Deductibles. Premium reduction for deductibles shall be determined after the application of any experience modification, premium surcharge, or premium discounts. Benefits paid by the insured employer in connection with a small deductible shall not constitute benefits paid and shall not be charged against the experience of the employer.
- (e) Experience Modification for Large or Mega Deductibles. Premium reduction for deductibles shall be determined after the application of any experience modification, premium surcharge, or premium discounts. Benefits paid by the insured employer in connection with a large or mega deductible shall constitute benefits paid and shall be charged against the experience of the employer.

[Source: Added at 11 Ok Reg 1855, eff 5-15-94; Amended at 24 Ok Reg 2209, eff 7-14-2007; Amended at 30 Ok Reg 1785, eff 7-14-13; Amended at 32 Ok Reg 1944, eff 9-15-15; Amended at 33 Ok Reg 1706, eff 9-15-16]

365:15-1-3.2. Financial requirements – mega deductible workers' compensation policies

- (a) Every insurer issuing mega deductible workers' compensation policies ("MDWC"), as defined in subsection c of this Section, shall comply with the following requirements:
- (1) The MDWC policy shall require collateralization, as provided herein, of the outstanding deductible reimbursement obligations of the policyholder for any prospective period of coverage. "Collateralization" means deposit by the policyholder with the insurance company of assets to serve as security in the event that a policyholder fails to reimburse the insurer for losses within the deductible.
- (2) For purposes of this section, only the following assets shall qualify as "collateral":
- (A) Assets admissible pursuant to Article 16 of Title 36 of the Oklahoma Statutes;
- (B) A surety bond issued by a surety insurer authorized to transact business by the Commissioner and whose financial strength and size ratings from A.M. Best Company are not less than "A" and "V", respectively;

(C) An irrevocable letter of credit, utilizing a form designated by the Commissioner, issued by a financial institution whose deposits are federally insured. Letters of credit meeting applicable standards of issuer acceptability as of the dates of their issuance or confirmation shall, notwithstanding the issuing or confirming institution's subsequent failure to meet applicable standards of issuer acceptability, continue to be acceptable as security until their expiration, extension, renewal, modification, or amendment, whichever first occurs; provided however, that a letter of credit must be replaced within three months after the date of the institution's failure to meet applicable standards of issuer acceptability;

(D) Guaranty of a solvent parent or affiliated entity that has:

- (i) been continuously engaged in business for not less than three (3) years immediately preceding the application for the MDWC policy;
- (ii) at least one hundred (100) employees (all states included); and
- (iii) at least One Million Dollars (\$1,000,000.00) in net assets, as shown in its immediately preceding year-end GAAP audited financial statements. For purposes of this subparagraph, "affiliated" shall have the meaning ascribed in 36 O.S. § 1651; or

(E) Any combination of the foregoing.

(3) When a policy is written with an aggregate deductible option, the amount of the collateral may not exceed the aggregate deductible.

(4) Collateral held pursuant to this subsection shall be under the direct control of the insurer. Collateral shall be held for the express and sole purpose of securing the policyholder's obligations under the mega deductible workers' compensation policy. Collateral shall not be commingled with the assets of the insurer. Insurers shall not permit policyholders or agents or affiliates of policyholders, or any third party with any contractual or other relationship to the policyholder, directly or indirectly, to access such collateral.

(5) Claims information for each mega deductible insured employer and co-employer shall be maintained in the possession of the insurer for at least six years.

(6) Insurers shall not permit policyholders or agents or affiliates of policyholders, or any third party with any contractual or other relationship to the policyholder, directly or indirectly, to administer claims under a mega deductible workers' compensation policy.

(7) All agreements between insurers and policyholders relating to handling of claims by third parties shall be maintained by the insurer and made available to the Commissioner upon request.

(8) Notwithstanding any other limitation on the insurer's right to cancel the insurance, the policy shall provide that the policyholder's failure to post collateral as required by the policy or pay deductible reimbursements when due, are grounds for policy cancellation, upon 10 days prior notice.

(9) Before issuing or renewing a mega deductible workers' compensation policy, the insurer shall obtain an audited financial statement for the policyholder, or a financially strong parent or affiliate that has issued an unconditional financial guaranty of the policyholder's deductible obligations. The amount of the policyholder's aggregate deductible obligation is limited to no more than 20% of the total net worth of the

policyholder and guarantor, at each policy inception and renewal. Net worth shall be determined as of the fiscal year-end GAAP audited financial statements next preceding such inception or renewal. The Commissioner may request and consider more recent unaudited GAAP financial statements.

(10) If the policy covers employers, co-employers, subcontractors, or other employers in addition to the policyholder, the policy shall provide that deductible reimbursements are the sole obligation of the policyholder, unless such additional covered employer has given informed written consent to be jointly obligated and the employer's maximum reimbursement obligation is limited to an amount consistent with paragraph 9 of this subsection.

(11) No insurer shall issue a mega deductible workers' compensation policy to a professional employer organization as defined by 40 O.S. § 600.2, which is affiliated with such insurer.

(b) An insurer is exempt from the requirements of this Section, with the exception of paragraph 7 of subsection a, if the insurer, at the time of issuance or renewal of the policy, has an A.M. Best Company rating of A- or above, or a comparable rating accepted by the Commissioner, and either:

(1) has at least \$200,000,000.00 in policyholder surplus, or

(2) upon application to the Commissioner, has been exempted by the Commissioner for good cause shown.

(c) The term "MDWC policy" means any workers' compensation insurance policy that is subject to endorsements or other direct or indirect agreements between the insurer and the policyholder or others that have the effect, singly or in combination, of requiring the policyholder to bear a combined risk of loss of greater than \$100,000.00 per covered employee. For purposes of this Section, entering into an agreement with an existing policyholder that has the effect of making its policy a mega deductible workers' compensation policy is considered to be the issuance of a mega deductible workers' compensation policy.

(d) An insurer found to be in a financially hazardous condition pursuant to the applicable Sections of Title 36 of the Oklahoma Statutes, or subject to an equivalent regulatory determination in any other state, may not issue or renew a MDWC policy.

(e) In addition to the provisions of Title 36 of the Oklahoma Statutes, an insurer issuing MDWC policies may be found to be in hazardous financial condition when one or more of the following conditions are found to exist:

(1) the insurer fails to perform a quarterly review of the sufficiency of the collateral maintained by the insurer to secure the policyholder's obligations to reimburse the insurer for claims paid and credit taken against reserves for each policy up to the negotiated deductible amount;

(2) the insurer issues a MDWC policy that does not state a specific dollar amount of deductible per claim and, if applicable, in the aggregate;

(3) the insurer issues a MDWC policy and fails to include an actuarially supported calculation of the total amounts owed by the policyholder through ultimate loss development;

(4) from the inception of the policy through ultimate loss development, the insurer fails to maintain collateral for 100% of the policyholder's liability for each MDWC policy; or

- (5) the insurer fails to maintain or produce, upon the Department's request, gross and net premium data and first-dollar loss data for each workers' compensation policy with a mega deductible. Such data must be maintained on a quarterly basis in accordance with, or in a substantially similar format as, the Oklahoma Mega Deductible Workers' Compensation Experience Reporting Form created by the Commissioner.
- (f) Insurers shall provide to the MDWC policyholder, documentation separate from the MDWC policy, explaining the financial responsibility of both the insurer to pay all covered claims and the policyholder's obligation to reimburse the insurer for any deductible amounts paid by the insurer.
- (g) The insurer shall report statistics under each MDWC policy to a statistical agency designated by the Commissioner. Statistics shall be reported separately for each insured and each coinsured employer. For statistical and ratemaking purposes, all claims paid by the insurer within the deductible amount shall be reported gross of payments under the deductible. Subject to applicable law, the instructions for statistical reporting shall be as required by that statistical agency.
- (h) This Section applies to MDWC policies issued, delivered, issued for delivery, or renewed on and after the effective date of this Section.

[Source: Added at 33 Ok Reg 1706, eff 9-15-16]

365:15-1-4. Use of property and casualty insurance policy records

- (a) **Purpose.** The purpose of this section is to prohibit an insurer or agent soliciting property and casualty insurance from using insurance policy records maintained by any other person without prior written approval of the Insurance Commissioner.
- (b) **Use of property and casualty insurance policy records.** No insurer or agent for the purpose of soliciting property and casualty insurance other than accident and health insurance shall use the insurance policy records maintained by any other person and arising out of any transaction whereby an insured has furnished directly or indirectly through an agent or insurer a policy or evidence of insurance to such person, without prior written approval of the Insurance Commissioner.

365:15-1-5. Allocation of taxable premiums received from the sale of homeowner's and other multiple peril insurance policies to the firemen's relief and pension fund [REVOKED]

[Source: Revoked at 19 Ok Reg 1299, eff 7-14-02]

365:15-1-6. Nationwide inland marine definition

- (a) **Purpose.**
- (1) The purpose of this section is to describe the kinds of risks and coverages which may be classified or identified under State Insurance Laws as Marine, Inland Marine or Transportation insurance, but does not include all of the kinds of risks and coverages which may be written, classified or identified under Marine, Inland Marine or Transportation insurer powers, nor shall it be construed to mean that the kinds of risks and coverages are solely Marine, Inland Marine or Transportation insurance in all instances.

(2) This section shall not be construed to restrict or limit in any way the exercise of any insuring powers granted under charters and license, whether used separately, in combination or otherwise.

(b) **Coverage under marine or transportation policies.** Marine and/or transportation policies may provide coverage under the following conditions:

(1) **Imports.**

(A) Imports may be covered wherever the property may be and without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation.

(B) An import, as a proper subject of marine or transportation insurance, shall be deemed to maintain its character as such, so long as the property remains segregated in such a way that it can be identified and has not become incorporated and mixed with the general mass of property in the United States, and shall be deemed to have been completed when such property has been:

- (i) sold and delivered by the importer, factor or consignee; or
- (ii) removed from place of storage and placed on sale as part of importer's stock in trade at a point of sale-distribution; or
- (iii) delivered for manufacture, processing or change in form to the premises of the importer, or of another used for any such purposes.

(2) **Exports.**

(A) Exports may be covered wherever the property may be, without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation.

(B) An export, as a proper subject of marine or transportation insurance, shall be deemed to acquire its character as such when designated or while being prepared for export and it retains that character as such when designated or while being prepared for export and it retains that character unless diverted for domestic trade, and when so diverted, the provisions of this Ruling respecting domestic shipments shall apply, provided, however, that this provision shall not apply to long established methods of insuring certain commodities, e.g., cotton.

(3) **Domestic shipments.**

(A) Domestic shipments on consignment may be covered, whether for sale or distribution, exhibit, or trial, or approval or auction, while in the custody of others and while being returned, provided that in no event shall the policy cover on premises owned, leased or operated by the consignor.

(B) Domestic shipments not on consignment may be covered, provided the coverage of the issuing companies includes hazards of transportation, beginning and ending with the United States, provided that such shipments shall not be covered at manufacturing premises nor after arrival at premises owned, leased or operated by Assured or purchaser.

(4) **Bridges, tunnels and other instrumentalities of transportation and communication.** Bridges, tunnels and other instrumentalities of transportation and communication (excluding buildings, their improvements and betterments, furniture and

furnishings, fixed contents and supplies held in storage) may be covered. The foregoing includes:

- (A) Bridges, tunnels other similar instrumentalities, including auxiliary facilities and equipment attendant thereto.
- (B) Piers, wharves, docks, slips, dry docks and marine railways.
- (C) Pipelines, including on-line propulsion, regulating and other equipment appurtenant to such pipelines, but excluding all property at manufacturing, producing, refining, converting, treating or conditioning plants.
- (D) Power transmission and Telephone and Telegraph lines, excluding all property at generating, converting or transforming stations, substations and exchanges.
- (E) Radio and Television Communication Equipment in use as such including towers and antennae with auxiliary equipment, and appurtenant electrical operating and control apparatus.
- (F) Outdoor cranes, loading bridges and similar equipment used to load, unload and transport.

(5) **Personal property floater risk.** The following personal property floater risks may be covered:

- (A) Personal Effects Floater Policies.
- (B) The Personal Property Floaters.
- (C) Government Service Floaters.
- (D) Personal Fur Floaters.
- (E) Personal Jewelry Floaters.
- (F) Wedding Present Floaters not exceeding 90 (ninety) days after the date of the wedding.
- (G) Silverware Floaters.
- (H) Fine Arts Floaters covering paintings, etchings, pictures, tapestries, art glass windows and other bonafide works of art of rarity, historical value or artistic merit.
- (I) Stamp and Coin Floaters.
- (J) Musical Instrument Floaters. Radios, televisions, record players and combinations thereof are not deemed musical instruments.
- (K) Mobile Articles, Machinery and Equipment Floaters (excluding motor vehicles designed for highway use and auto homes, trailers and semi-trailers except when hauled by tractors not designed for highway use) covering identified property of a mobile or floating nature, pertaining to, or usual to a household. Such policies shall not cover furniture and fixtures not customarily used away from the premises where such property is usually kept.
- (L) Installment Sales and Leased Property Policies covering property pertaining to a household and sold under conditional contract of sale, partial payment contract or installment sales contract or leased, but excluding motor vehicles designed for highway use. Such policies must cover in transit but shall not extend beyond the termination of the seller's or lessor's interest.
- (M) Live Animal Floaters.

(6) Commercial property floater risks covering property pertaining to a business, profession or occupation. The following commercial property floater risks covering property pertaining to a business, profession or occupation may be covered:

(A) Radium Floaters.

(B) Physician's and Surgeons' Instrument Floaters. Such policies may include coverage of such furniture, fixtures and tenant Assured's interest in such improvements and betterments of buildings as are located in that portion of the premises occupied by the assured in the practice of his profession.

(C) Pattern and Die Floaters.

(D) Theatrical Floaters, excluding buildings and their improvements and betterments, and furniture and fixtures that do not travel about with the theatrical troupes.

(E) Film Floaters, including builders' risk during the production and coverage on completed negatives and positives and sound records.

(F) Salesmen's Samples Floaters.

(G) Exhibition Policies on property while on exhibition and in transit to or from such exhibitions.

(H) Live Animal Floaters.

(I) Builders Risks and/or Installation Risks covering interest of owner, seller or contractor, against loss or damage to machinery, equipment, building materials or supplies, being used with and during the course of installation, testing, building, renovating or repairing. Such policies may cover at points or places where work is being performed, while in transit and during temporary storage or deposit, of property designated for and awaiting specific installation, building, renovating or repairing. Such coverage shall be limited to Builders Risks or Installation Risks where Perils in addition to fire and Extended Coverage are to be insured. If written for account of owner, the coverage shall cease upon completion and acceptance thereof; or if written for account of a seller or contractor, the coverage shall terminate when the interest of the seller or contract ceases.

(J) Mobile Articles, Machinery and Equipment Floaters (excluding motor vehicles designed for highway use and auto homes, trailers and semi-trailers except when hauled by tractors not designed for highway use and snow plows contracted exclusively for highway use), covering identified property of a mobile of floating nature, not on sale or consignment, or in course of manufacture, which has come into custody or control of parties who intend to use such property for which it was manufactured or created. Such policies shall not cover furniture and fixtures not customarily used away from premises where such property is usually kept.

(K) Property in transit to or from and in the custody of bailees (not owned, controlled or operated by the bailor). Such policies shall not cover bailee's property at his premises.

(L) Installment Sales and Leased Property. Policies covering property sold under conditional contract of sale, partial payment contract, installment sales contract, or leased but excluding motor vehicles designed for highway use. Such policies must cover in transit but shall not extend beyond the termination of the seller's or

lessor's interest. This section is not intended to include machinery and equipment under certain "leaseback" contracts.

(M) Garment Contractors Floaters.

(N) Furriers or Fur Storer's Customers' Policies (i.e., policies under which certificates or receipts are insured by furriers or fur stores) covering specified articles the property of customers.

(O) Accounts Receivable Policies, Valuable Papers and Records Policies.

(P) Floor Plan Policies, covering property for sale while in possession of dealers under a Floor Plan or any similar plan under which the dealer borrows money from a bank or lending institution with which to pay the manufacturer, provided:

(i) Such merchandise is specifically identifiable as encumbered to the bank or lending institution.

(ii) The dealer's right to sell or otherwise dispose of such merchandise is conditioned upon its being released from encumbrance by the bank or lending institution.

(iii) That such policies cover in transit and do not extend beyond the termination of the dealer's interest.

(Q) Sign and Street Clock Policies, including neon signs, automatic or mechanical signs, street clocks, while in use as such.

(R) Fine Arts Policies covering paintings, etchings, pictures, tapestries, art glass windows, and other bonafide works of art of rarity, historical value or artistic merit for account of museums, galleries, universities, businesses, municipalities and other similar interests.

(S) Policies covering personal property which, when sold to the ultimate purchaser, may be covered specifically, by the owner, under Inland Marine Policies including those listed in (i) through (vii) of this subparagraph. Such policies may include coverage of money in locked safes or vaults on the Assured's premises. Such policies also may include coverage of furniture, fixtures, tools, machinery, patterns, molds, dies and tenant insureds interest in improvements of buildings.

(i) Musical Instrument Dealers Policies, covering property consisting principally of musical instruments and their accessories. Radios, televisions, record players and combinations thereof are not deemed musical instruments.

(ii) Camera Dealers Policies, covering property consisting principally of cameras and their accessories.

(iii) Furrier's Dealers Policies, covering property consisting of furs and fur garments.

(iv) Equipment Dealers Policies, covering mobile equipment consisting of binders, reapers, tractors, harvesters, harrows, tedders and other similar agricultural equipment and accessories therefore; construction equipment consisting of bulldozers, road scrapers, tractors, compressors, pneumatic tools and similar equipment and accessories therefore; but excluding motor vehicles designed for highway use.

(v) Stamp and Coin Dealers Policies covering property of philatelic and numismatic nature.

(vi) Jewelers' Block Policies.

(vii) Fine Arts Dealers Policies.

(T) Wood Growers Floaters.

(U) Domestic Bulk Liquids Policies, covering tanks and domestic bulk liquids stored therein.

(V) Difference in Conditions Coverage excluding fire and extended coverage perils.

(W) Electronic Data Processing Policies.

(c) **Exceptions.** Unless otherwise permitted, nothing in this section shall be construed to permit MARINE OR TRANSPORTATION POLICIES TO COVER:

(1) Storage of Assured's merchandise, except as provided in this section.

(2) Merchandise in course of manufacture, the property of and on the premises of the manufacturer.

(3) Furniture and fixtures and improvements and betterments to buildings.

(4) Monies and/or securities in safes, vaults, safety deposit vaults, bank or Assured's premises, except while in the course of transportation.

365:15-1-7. Fictitious grouping prohibited and defined

(a) **"Fictitious grouping"** means a grouping by other than common majority ownership of the risk to be insured.

[Source: Amended at 14 Ok Reg 2960, eff 7-14-97]

365:15-1-8. Unearned premium reserve fund

(a) **Purpose.** The purpose of this section is to provide guidance for approval of corporate surety bonds or approved alternative security arrangements for return of unearned premiums.

(b) **Security requirements.**

(1) All insurance companies writing any line of insurance as defined in 36 O.S. §§703-708, shall be required to provide a corporate surety bond annually, on or before the last day of May, which surety bond shall be in an amount equal to ten percent (10%) of the direct written premium of an accumulation of all lines as defined in 36 O.S. §§703-708, written in Oklahoma during the preceding calendar year; or

(2) An insurance company whose domiciliary state has a post-assessment property and casualty guaranty fund, may use an alternative security arrangement for the unearned premium reserve fund. Such alternative security arrangement shall comply with the following requirements:

(A) All such deposits required for authority to transact insurance business in Oklahoma shall consist of cash, certificates of deposit issued by solvent insured banks and trust companies in Oklahoma or a combination of the foregoing and the securities described in 36 O.S. §1607, §1608 and §1620(B).

(B) All such deposits required pursuant to the laws of another state, province, or country, or pursuant to the retaliatory provision, 36 O.S. §628, shall consist of such assets as are required or permitted by such laws, or as required pursuant to such retaliatory provision.

(c) **Penalties.** Any property and casualty insurance company failing to comply with this section may be subject, after notice and hearing, to not being issued a new or renewal certificate of authority and to the penalties provided in 36 O.S. §619.

365:15-1-9. Unfair discrimination on basis of blindness or partial blindness

(a) **Purpose.** The purpose of this section is to identify specific acts or practices which are prohibited by 36 O.S. §1204(7).

(b) **Acts of "unfair discrimination" defined.** The following are hereby identified as acts or practices which constitute *unfair discrimination between individuals of the same class* [36:1204(7)]:

- (1) Refusing to insure, or
- (2) Refusing to continue to insure, or
- (3) Limiting the amount, extent or
- (4) Kind of coverage available to an individual, or
- (5) Charging an individual a different rate for the same coverage solely because of blindness or partial blindness.

365:15-1-10. Policy of insurance shall include insurer's complete name and street address and insurance claim warning

(a) **Purpose.** The purpose of this section is to set forth information which shall be included on an insurance policy.

(b) **Insurer's name and address required on policy.**

(1) 36 O.S. § 3613_(1981), entitled "Contents of Policies in General," provides that each contract of insurance shall set forth *the insurer's name and complete address* [36:3613(B)(2)].

(2) Every policy of insurance issued or delivered in this State shall specify, on its face, or by endorsement, or rider attached to the policy:

- (A) the complete name of the insurer;
- (B) the complete street address of the home or principal office of the insurer.

(c) **Insurance claim warning required on policy.** Every insurance policy issued or delivered in this State shall specify on its face, or application, or by endorsement, or rider attached to the policy, printed in ten point or larger type a statement that clearly indicates in substance, as required in 36 O.S. § 3613.1, the following:

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

(d) **Claim forms.** Every claim form shall contain a statement that clearly indicates in substance, as required in 36 O.S. § 3613.1, the following:

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

[Source: Amended at 11 Ok Reg 1857, eff 5-15-94; Amended at 19 Ok Reg 1299, eff 7-14-02]

365:15-1-11. Testimonials or endorsements by third parties

Testimonials or endorsements by third parties in advertisement for insurance shall not be used in such a manner that they have the capacity, tendency or effect of being misleading or deceptive.

Testimonials or endorsements shall comply with the following minimum standards:

(1) Testimonials used in advertisements must be genuine, represent the current opinion of the author, be applicable to the policy advertised and be accurately reproduced. The insurer, in using a testimonial, makes as its own all of the statements contained therein, and the advertisement, including such statement, is subject to all the provisions of this section.

(2) If the person making a testimonial, an endorsement or an appraisal has a financial interest in the insurer or a related entity as a stockholder, director, officer, employee, or otherwise, such fact shall be disclosed in the advertisement. If a person is compensated for making a testimonial, endorsement or appraisal, such fact shall be disclosed in the advertisement by language substantially as follows: "Paid Endorsement." This section does not require disclosure of union "scale" wages required by union rules if the payment is actually for such "scale" for TV or radio performances. However, the payment of substantial amounts, directly or indirectly, for "travel and entertainment" for filming or recording of TV or radio advertisements remove the filming or recording from the category of an unsolicited testimonial and require disclosure of such compensation.

(3) An advertisement shall not state or imply that an insurer or a policy has been approved or endorsed by any individual, group of individuals, society, association or other organizations, unless such is the fact, and unless any proprietary relationship between an organization and the insurer is disclosed. If the entity making the endorsement or testimonial has been formed by the insurer or is owned or controlled by the insurer or the person or persons who own or control the insurer, such fact shall be disclosed in the advertisement.

(4) When a testimonial refers to benefits received under a policy, the specific claim data, including claim number, date of loss, and other pertinent information shall be retained by the insurer for inspection for a period of four (4) years or until the filing of the next regular report on examination of the insurer, whichever is the longer period of time.

[Source: Added at 10 Ok Reg 1477, eff 5-1-93]

365:15-1-12. Duration of filings [REVOKED]

[Source: Added at 15 Ok Reg 3222, eff 7-13-98; Revoked at 19 Ok Reg 1299, eff 7-14-02]

365:15-1-13. Expiration of policies

Unless otherwise provided, all policies shall expire at 12:01 a.m. standard time on the expiration date stated in the policy.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-1-14. Notice of cancellation or non-renewal

(a) Unless otherwise provided, insurers shall give at least ten (10) days notice prior to the date of cancellation and twenty (20) days notice prior to the date of non-renewal of the insurance policy.

(b) Insurers shall give at least thirty (30) days notice prior to the date of non-renewal of a homeowner's insurance policy or any other personal residential insurance coverage.

(c) If notice is given by mail, said notice shall be deemed to have been given on the day said notice is mailed. Proof of mailing of the notice of cancellation or non-renewal to the named insured at the address shown in the policy, shall be sufficient proof of notice.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 30 Ok Reg 1785, eff 7-15-13]

365:15-1-15. Standard policy provision – defense expenses within the limit of liability

No insurance policy or contract shall be made, issued or delivered by any insurer or by any agent or representative thereof that includes defense expenses within the limit of liability. The Insurance Commissioner may waive this requirement based upon factors such as noncompetitive market or type of insurance coverage. If the Insurance Commissioner waives this requirement, the Declarations page of the policy shall include a conspicuous notice indicating that the contract contains defense expenses within the limit of liability and advising the policyholder to read its provisions.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 22 Ok Reg 2041, eff 7-14-04]

365:15-1-16. Standard policy provision – medical payments

No insurance policy or contract shall be made, issued or delivered by any insurer or by any agent or representative thereof, that limits or excludes funeral expenses from the medical payments coverage. The Insurance Commissioner may waive this requirement. If the Insurance Commissioner waives this requirement, the initial page of the policy shall include a conspicuous notice indicating that the insurance policy or contract excludes funeral expenses under the medical payments coverage and advising the policyholder to read its provisions.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-1-17. Standard policy provision – life and health insurance provisions

No insurance policy or contract shall be made, issued or delivered by any insurer or by any agent or representative thereof that limits or reduces medical payments or uninsured motorist coverage because the injured party has insurance through a life and or health insurance provider. The Insurance Commissioner may waive this requirement. If the Insurance Commissioner waives this requirement, the initial page of the policy shall include a conspicuous notice indicating that the contract reduces or limits the medical payments or uninsured motorist

coverage, because the injured party has insurance through a life and health provider and advising the policyholder to read its provisions.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-1-18. Withdrawal or discontinue writing

Any insurer desiring to withdraw from the state or discontinue the writing of certain classes of insurance or programs in this state or transferring policyholders between admitted companies within the same insurance holding company system shall give ninety (90) days notice in writing to the Rate and Form Compliance Division of the Insurance Department and shall state in writing its reasons for such action. The ninety (90) days notice is inclusive of, and not in addition to, any other notice requirement per line of business. The insurer shall also provide the following information:

- (1) The number of policyholders affected;
- (2) The number of insurance agents affected;
- (3) The date the insurer will cease writing new business;
- (4) The date the insurer will start non-renewing insurance policies;
- (5) The date the insurer will transfer policyholders;
- (6) Whether the insurer has made arrangements with another insurer to pick up the renewals; if applicable;
- (7) The lines of insurance on which the insurer plans to concentrate; and
- (8) Whether the insurer anticipates re-entering the market.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 24 Ok Reg 2209, eff 7-14-2007; Amended at 27 Ok Reg 1542, eff 7-14-10]

365:15-1-19. Blank endorsements

An endorsement to an insurance policy without specific language is not a complete form and shall not be approved. The Insurance Commissioner may approve a blank endorsement if the insurer provides a detailed description of how the form will be used.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-1-20. Oklahoma Risk Retention Act

Filings made in compliance with the Oklahoma Risk Retention Act, 36 O.S. § 6451 et seq., shall be filed separately.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 24 Ok Reg 2209, eff 7-14-07]

365:15-1-21. Article 36 of the Insurance Code

For purposes of subchapters one (1) and seven (7), policy forms, endorsements, and other forms used shall be filed in compliance with the applicable provisions of Article 36 of the Insurance Code. The forms shall be filed separately from rates and manual rules.

[Source: Added at 24 Ok Reg 2209, eff 7-14-07]

365:15-1-22. Processing Fee for Affidavit of Exempt Status [REVOKED]

[Source: Added at 24 Ok Reg 2209, eff 7-14-07; Revoked at 27 Ok Reg 1542, eff 7-14-10]

365:15-1-23. Exclusion from Ocean Marine Definitions

For purposes of Subchapters One (1) and Seven (7), the term ocean marine insurance does not include vessels or craft or their cargoes, hull damage, or destruction of watercraft used for personal use.

[Source: Added at 24 Ok Reg 2209, eff 7-14-07]

365: 15-1-24. Appeals of rating classifications

- (a) Any employer engaged in a rating classification dispute reviewed by the NCCI Oklahoma Internal Review Panel may appeal the decision to the Insurance Commissioner by requesting a hearing within thirty (30) days of the date the Panel issues the decision.
- (b) Upon receipt of a written request, the Commissioner shall either set down the matter for hearing within thirty (30) days from the date of receipt of the request by issuing notice of the hearing to the employer and the insurer or shall issue a written order denying the hearing.
- (c) The Commissioner shall name the employer and the insurer as parties to the hearing. The Commissioner shall not be a party in an appeal of a rating classification.
- (d) Procedure for hearings shall be governed by OAC 365:1-7-1 et seq. and the Administrative Procedures Act.

[Source: Added at 30 Ok Reg 1785, eff 7-14-13]

365:15-1-25. Loss runs and claims history

Section 1204.1 of Title 36 of the Oklahoma Statutes requires property and casualty insurers and advisory boards or advisory organizations to make loss runs or claims history available to current and former policyholders within thirty (30) days upon a written request by the policyholder. Any such loss runs or claims history which cover multiple years shall indicate the insurer, policy number, effective date, and date of expiration or cancellation of such coverage.

[Source: Added at 33 Ok Reg 1708, eff 9-15-16]