

1 **SENATE FLOOR VERSION**

2 February 7, 2023

3 SENATE BILL NO. 554

By: Montgomery of the Senate

4 and

5 Sneed of the House

6
7
8 An Act relating to insurance; amending 36 O.S. 2021,
9 Section 3636, which relates to uninsured motorist
10 coverage; requiring certain policies offer coverage
11 for certain injury to or destruction of property
12 subject to certain limits and requirements;
13 prohibiting coverage from being offered independently
14 from certain coverage requirements; modifying
15 coverage form to be provided to proposed insured;
16 conforming language; and providing an effective date.

17 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

18 SECTION 1. AMENDATORY 36 O.S. 2021, Section 3636, is
19 amended to read as follows:

20 Section 3636. A. No policy insuring against loss resulting
21 from liability imposed by law for bodily injury or death suffered by
22 any person arising out of the ownership, maintenance or use of a
23 motor vehicle shall be issued, delivered, renewed, or extended in
24 this state with respect to a motor vehicle registered or principally
garaged in this state unless the policy includes the coverage
described in subsection B of this section.

1 B. The policy referred to in subsection A of this section shall
2 provide coverage therein or supplemental thereto for the protection
3 of persons insured thereunder who are legally entitled to recover
4 damages from owners or operators of uninsured motor vehicles and
5 hit-and-run motor vehicles because of bodily injury, sickness or
6 disease, including death resulting therefrom. Coverage shall be not
7 less than the amounts or limits prescribed for bodily injury or
8 death for a policy meeting the requirements of Section 7-204 of
9 Title 47 of the Oklahoma Statutes, as the same may be hereafter
10 amended; provided, however, that increased limits of liability shall
11 be offered and purchased if desired, not to exceed the limits
12 provided in the policy of bodily injury liability of the insured.
13 Policies issued, renewed or reinstated after November 1, 2014, shall
14 not be subject to stacking or aggregation of limits unless expressly
15 provided for by an insurance carrier. The uninsured motorist
16 coverage shall be upon a form approved by the Insurance Commissioner
17 as otherwise provided in the Insurance Code and may provide that the
18 parties to the contract shall, upon demand of either, submit their
19 differences to arbitration; provided, that if agreement by
20 arbitration is not reached within three (3) months from date of
21 demand, the insured may sue the tort-feasor.

22 C. A policy referred to in subsection A of this section shall
23 offer coverage for the protection of property insured thereunder to
24 recover damages from owners or operators of uninsured motor vehicles

1 and hit-and-run motor vehicles because of the injury to or
2 destruction of property. Coverage shall not be less than the
3 amounts or limits prescribed for injury to or destruction of
4 property for a policy meeting the requirements of Section 7-204 of
5 Title 47 of the Oklahoma Statutes; provided, however, that increased
6 limits of liability shall be offered and purchased if desired, not
7 to exceed the limits provided in the policy of property damage of
8 the insured. A named insured or applicant may decline to purchase
9 coverage under this subsection.

10 D. A policy shall not provide the coverage described in
11 subsection C of this section without also offering the coverage
12 provided for in subsections A and B of this section.

13 E. For the purposes of this coverage the term "uninsured motor
14 vehicle" shall include an insured motor vehicle where the liability
15 insurer thereof is unable to make payment with respect to the legal
16 liability of its insured within the limits specified therein because
17 of insolvency. For the purposes of this coverage the term
18 "uninsured motor vehicle" shall also include an insured motor
19 vehicle, the liability limits of which are less than the amount of
20 the claim of the person or persons making such claim, regardless of
21 the amount of coverage of either of the parties in relation to each
22 other.

23 ~~D.~~ F. An insurer's insolvency protection shall be applicable
24 only to accidents occurring during a policy period in which its

1 insured's uninsured motorist coverage is in effect where the
2 liability insurer of the tort-feasor becomes insolvent within one
3 (1) year after such an accident. Nothing herein contained shall be
4 construed to prevent any insurer from according insolvency
5 protection under terms and conditions more favorable to its insured
6 than is provided hereunder.

7 ~~E.~~ G. For purposes of this section, there is no coverage for
8 any insured while occupying a motor vehicle owned by, or furnished
9 or available for the regular use of the named insured, a resident
10 spouse of the named insured, or a resident relative of the named
11 insured, if such motor vehicle is not insured by a motor vehicle
12 insurance policy.

13 ~~F.~~ H. In the event of payment to any person under the coverage
14 required by this section and subject to the terms and conditions of
15 such coverage, the insurer making such payment shall, to the extent
16 thereof, be entitled to the proceeds of any settlement or judgment
17 resulting from the exercise of any rights of recovery of such person
18 against any person or organization legally responsible for the
19 bodily injury for which such payment is made, including the proceeds
20 recoverable from the assets of the insolvent insurer. Provided,
21 however, with respect to payments made by reason of the coverage
22 described in subsection C of this section, the insurer making such
23 payment shall not be entitled to any right of recovery against such
24 tort-feasor in excess of the proceeds recovered from the assets of

1 the insolvent insurer of said tort-feasor. Provided further, that
2 any payment made by the insured tort-feasor shall not reduce or be a
3 credit against the total liability limits as provided in the
4 insured's own uninsured motorist coverage. Provided further, that
5 if a tentative agreement to settle for liability limits has been
6 reached with an insured tort-feasor, written notice shall be given
7 by certified mail to the uninsured motorist coverage insurer by its
8 insured. Such written notice shall include:

- 9 1. Written documentation of pecuniary losses incurred,
10 including copies of all medical bills; and
- 11 2. Written authorization or a court order to obtain reports
12 from all employers and medical providers. Within sixty (60) days of
13 receipt of this written notice, the uninsured motorist coverage
14 insurer may substitute its payment to the insured for the tentative
15 settlement amount. The uninsured motorist coverage insurer shall
16 then be entitled to the insured's right of recovery to the extent of
17 such payment and any settlement under the uninsured motorist
18 coverage. If the uninsured motorist coverage insurer fails to pay
19 the insured the amount of the tentative tort settlement within sixty
20 (60) days, the uninsured motorist coverage insurer has no right to
21 the proceeds of any settlement or judgment, as provided herein, for
22 any amount paid under the uninsured motorist coverage.

23 ~~G. I.~~ A named insured or applicant shall have the right to
24 reject uninsured motorist coverage in writing. The form signed by

1 the insured or applicant which initially rejects coverage or selects
2 lower limits shall remain valid for the life of the policy and the
3 completion of a new selection form shall not be required when a
4 renewal, reinstatement, substitute, replacement, or amended policy
5 is issued to the same-named insured by the same insurer or any of
6 its affiliates. Any changes to an existing policy, regardless of
7 whether these changes create new coverage, do not create a new
8 policy and do not require the completion of a new form.

9 After selection of limits, rejection, or exercise of the option
10 not to purchase uninsured motorist coverage by a named insured or
11 applicant for insurance, the insurer shall not be required to notify
12 any insured in any renewal, reinstatement, substitute, amended or
13 replacement policy as to the availability of such uninsured motorist
14 coverage or such optional limits. Such selection, rejection, or
15 exercise of the option not to purchase uninsured motorist coverage
16 by a named insured or an applicant shall be valid for all insureds
17 under the policy and shall continue until a named insured requests
18 in writing that the uninsured motorist coverage be added to an
19 existing or future policy of insurance.

20 ~~H. J. The following are effective on forms required on or after~~
21 ~~April 1, 2005.~~ The offer of the coverage required by ~~subsection~~
22 subsections B and C of this section shall be in a form ~~the following~~
23 ~~form which shall be filed with and approved by the Insurance~~
24 Commissioner and provided to the proposed insured separately from

1 ~~the application. The form shall be provided to the proposed insured~~
2 ~~in writing separately from the application and shall read~~
3 ~~substantially as follows:~~

4 ~~OKLAHOMA UNINSURED MOTORIST COVERAGE LAW~~

5 ~~Oklahoma law gives you the right to buy Uninsured Motorist~~
6 ~~coverage in the same amount as your bodily injury liability~~
7 ~~coverage. THE LAW REQUIRES US TO ADVISE YOU OF THIS VALUABLE RIGHT~~
8 ~~FOR THE PROTECTION OF YOU, MEMBERS OF YOUR FAMILY, AND OTHER PEOPLE~~
9 ~~WHO MAY BE HURT WHILE RIDING IN YOUR INSURED VEHICLE. YOU SHOULD~~
10 ~~SERIOUSLY CONSIDER BUYING THIS COVERAGE IN THE SAME AMOUNT AS YOUR~~
11 ~~LIABILITY INSURANCE COVERAGE LIMIT.~~

12 ~~Uninsured Motorist coverage, unless otherwise provided in your~~
13 ~~policy, pays for bodily injury damages to you, members of your~~
14 ~~family who live with you, and other people riding in your car who~~
15 ~~are injured by: (1) an uninsured motorist, (2) a hit-and-run~~
16 ~~motorist, or (3) an insured motorist who does not have enough~~
17 ~~liability insurance to pay for bodily injury damages to any insured~~
18 ~~person. Uninsured Motorist coverage, unless otherwise provided in~~
19 ~~your policy, protects you and family members who live with you while~~
20 ~~riding in any vehicle or while a pedestrian. THE COST OF THIS~~
21 ~~COVERAGE IS SMALL COMPARED WITH THE BENEFITS!~~

22 ~~You may make one of four choices about Uninsured Motorist~~
23 ~~Coverage by indicating below what Uninsured Motorist coverage you~~
24 ~~want:~~

1 ~~_____ I want the same amount of Uninsured Motorist coverage as my~~
2 ~~bodily injury liability coverage.~~

3 ~~_____ I want minimum Uninsured Motorist coverage \$25,000.00 per~~
4 ~~person/\$50,000.00 per occurrence.~~

5 ~~_____ I want Uninsured Motorist coverage in the following amount:~~
6 ~~\$_____ per person/\$_____ per occurrence.~~

7 ~~_____ I want to reject Uninsured Motorist coverage.~~

8 _____

9 _____ Proposed Insured

10 ~~THIS FORM IS NOT A PART OF YOUR POLICY AND DOES NOT PROVIDE~~
11 ~~COVERAGE.~~

12 ~~¶. K.~~ The Insurance Commissioner shall approve a deviation from
13 the form described in subsection ~~¶~~ J of this section if the form
14 includes substantially the same information.

15 ~~¶. L.~~ A change in the bodily injury liability coverage due to a
16 change in the amount or limits prescribed for bodily injury or death
17 by a policy meeting the requirements of Section 7-204 of Title 47 of
18 the Oklahoma Statutes shall not be considered an amendment of the
19 bodily injury liability coverage and shall not require the
20 completion of a new form.

21 ~~¶. M.~~ On the first renewal on or after April 1, 2005, the
22 insurer shall change the Uninsured Motorist coverage limits to
23 \$25,000.00 per person/\$50,000.00 per occurrence and charge the
24 corresponding premium for existing policyholders who have selected

1 Uninsured Motorist coverage limits less than \$25,000.00 per
2 person/\$50,000.00 per occurrence. At the first renewal on or after
3 April 1, 2005, the insurer shall provide existing policyholders who
4 have selected Uninsured Motorist coverage limits less than
5 \$25,000.00 per person/\$50,000.00 per occurrence a notice of the
6 change of their Uninsured Motorist coverage limits and that notice
7 shall state how such policyholders may reject Uninsured Motorist
8 coverage limits or select Uninsured Motorist coverage with limits
9 higher than \$25,000.00 per person/\$50,000.00 per occurrence. No
10 notice shall be required to existing policyholders who have rejected
11 Uninsured Motorist coverage or have selected Uninsured Motorist
12 coverage limits equal to or greater than \$25,000.00 per
13 person/\$50,000.00 per occurrence. For purposes of this subsection
14 an existing policyholder is a policyholder who purchased a policy
15 from the insurer before April 1, 2005, and such policy renews on or
16 after April 1, 2005.

17 SECTION 2. This act shall become effective November 1, 2023.

18 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE
19 February 7, 2023 - DO PASS
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