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OKLAHOMA INSURANCE COMMISSIONER
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June 24, 2011

Interstate Insurance Product Regulation Commission
Management Committee c/o Karen Schutter
444 North Capitol Street, NW, Suite 701 Hall of States
Washington DC 20001-1509

Re: Interstate Insurance Product Commission
Disability Income Standards

Dear Ms. Schutter:

The IIPRC has proposed standards for Individual Disability Income Insurance Policies. Oklahoma supports those standards with two exceptions. Both exceptions deal with permitted exclusions which conflict with current Oklahoma law. Please accept this letter as my explanation of Oklahoma's position on these issues.

The first permitted exclusion that concerns us is the exclusion for "Intoxicants, Narcotics or Other Controlled Substances" found at Section 3, subd. F(9) (page 19 of the standards copy posted online). Specifically, we are concerned with the exclusion for loss that results from the insured's legal intoxication defined by state law where the loss occurs. Oklahoma law does not permit such exclusion in an individual disability income product. Clearly, there are public policy arguments on both sides of this issue. On the one hand, public policy does not favor rewarding people who violate state criminal intoxication laws; but on the other hand, the permitted exclusion is broad enough that it could preclude benefits for any injury resulting from the insured's intoxication, even if the insured is not breaking any law by doing so.

The second exclusion that needs to be addressed is the exclusion for "War, Riot and Insurrection" found in Section 3, subd. F (16) (page 21), would permit an insurer to use an exclusion as broad as any loss that results from declared or undeclared war or act of war. Oklahoma law does not permit any exclusion or limitation for war, declared or undeclared, terrorism, or any language similar in nature except when the insured is serving in the military or an auxiliary unit thereto or working in an area of war whether voluntarily or as required by an employer (OAC 365:10-5-4)(e)(4). Oklahoma's language was crafted following the Murrah Building Bombing in 1995, when Oklahoman's learned first hand that acts of terrorism and war can occur anywhere, anytime.

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I look forward to discussing this matter further with you and members of the Management Committee.

Respectfully,

A handwritten signature in cursive script, appearing to read "Denise Engle". The signature is written in black ink and is positioned below the word "Respectfully,".

Denise Engle, CPCU, CPIW, AIC
Deputy Commissioner of Workers' Compensation
Rate and Form Compliance Division
Licensing/CE Division