

INSURANCE ADVISORY COMMITTEE MEETING MINUTES January 28th, 2003

Attendance: Jim Davis, Justin Delaney, Richard Kingsley, Dean Kortge, Lisa Trussell,
Committee Members Absent: Steve Dixon, Ellen Lowe, Krista Fisher, John Powell, Wendy VanElverdinghe,
Insurance Division Staff: Joel Ario, Jann Goodpaster, Lewis Littlehales, Carmen Mendiola, Michael Morter, Maxi McKibben, John Piper, Carol Simila, Cory Streisinger, Rae Taylor.
Others: Lana Butterfield, Toni Chodriala, Muriel Dittler, Diane Lund, Jack Munro, Steve Murrell,

1. Division Update

Organizational update – Joel Ario introduced Cory Streisinger as the new DCBS Director. Cory is not only the DCBS Director but has many other responsibilities to Governor Ted Kulongoski. Cory indicated that the Governor’s top priorities include: creating jobs, regulatory streamlining, and medical malpractice.

Joel Ario reported that due to changes in PERS a lot of staffing changes have occurred. Recent retirees: Dick McGavock, Charlie Nicoloff and Michael Lamb. Carl Lundberg is now the new Deputy Administrator and also heads the Rates and Form unit. Russell Latham will be our new Financial Regulations Manager. Rae Taylor will take Michael’s place as the new Chief P&C Actuary. All of our retirees are currently still working on temporary basis.

Publications – John Piper reported that the Complaint Guide for 2001 is completed. We are currently working on Consumer and SHIBA publications. Last week was “National Get Smart about Insurance” week. Oregon was one of the states that participated with an on-line quiz on our web site about insurance.

Administrative Rules – Lewis Littlehales reported five sets of rules have been adopted.

- Financial Solvency
- List Billing
- Medicare supplement insurance
- Use of Insurance score and Credit History
- Workers’ compensation Insurance plan expenses

3 sets of rules have been proposed:

- Prescription Drug Identification Cards
- Standards for Safeguarding customer information
- Generic testing

Legislative update – Joel reported that the Division is sponsoring 4 bills:

- SB235- Banking and Insurance Bill
- SB236 – Contraceptive Bill
- SB253 – Agent License Bill
- SB252 – General Purpose Bill

Carol S. stated that HB2043 Tax credit for motor vehicle insurers is a Pay-as-you-drive insurance proposal. In addition to other factors, miles driven would help determine rates.

Life and Health issue

Consumer Concerns - Jim Davis would like to see the following under the patient protection act:

1. Independent consumer assistance or Ombudsman program, which would be set up similar to the SHIBA program.
2. Informed consent
3. Prohibition of incentives to deny or withhold care.
4. Whistle-blower protection
5. Adequate staffing of nursing homes.

Jim would also like to have a forum set up where consumers and advocates could bring up and discuss issues and concerns. The senior community's number one priority at this time is cuts in senior and disability services and human services. He would like to have easy consumer access to ratings information over the internet and have the ability for consumers and advocates to request rate hearings. Maxi McKibben indicated that most of the rating information including OMIP is available on our web site.

Interstate compact – Joel Ario stated that two positive developments have taken place. The NAIC voted 3:1 to support the concept. There was concern among the attorneys general and consumer groups about the model and its impact on consumer protection. Joel indicated that this model affects life and annuity side of insurance only, not the property and casualty side.

Property and Casualty Issues

Credit scoring –Joel Ario stated that effective June 1st our new administrative rules governing the use of credit scoring will go into effect. Under the new rules insurance companies will be prohibited to use credit records to cancel or non-renew current policyholders. The rules allow insurers to continue using credit for assessing new applicants and for setting appropriate premium levels. Companies must develop written policies that ensure consumers are being treated consistently and fairly, and must provide actuarial documentation for any use of credit in setting premium levels.

Hard markets – Rae T. stated that the market is still hard, and we are seeing more construction and long distance and truck driver rates going up. Medical malpractice is still a problem.

Meeting was adjourned at 10:59am