

**OREGON INSURANCE DIVISION  
ADVISORY COMMITTEE  
MEETING MINUTES  
April 22, 2008**

**Committee Members Present:** Rich Kingsly, Dean Kortge, Toni Chodrick, Kim Wirtz, Justin Delaney, Paul Gustafson, Jim Davis

**Committee Members Absent:** Lisa Trussell, Laura Cooper, Pam Jodock, Laura Etherton

**Insurance Division Staff Present:** Yani Horst, Lewis Littlehales, Jim Thompson, Mary Ann Evans, Rhonda Saunders-Ricks, Joyce Patton, Jan Miller, Russell Latham, Diane Yarbro

**Others Present:** Carolyn Jarske, Elise Brown, Lana Butterfield, Nancy Nevins, Brian Miller, Jack Munro, Margaret Valkenburg, Fawn McNeely, John Powell

**I. Call To Order – Rich Kingsley, Chair**

**II. Insurance Division Updates**

**A. Rules – Lewis Littlehales**

**a. Five sets of rulemaking adopted since January:**

- 1.** Reforms in the Health Insurance Market for Small Employers: HB 2002 permanent rulemaking succeeded.
- 2.** HB2221 goes into effect July 1, 2008, regarding discount medical plan organizations, licensing requirements and consumer disclosures.
- 3.** Rule Registration for Motor Vehicle Theft Protection Warranties: HB 3386 goes into effect July 1, 2008.
- 4.** Health Benefit Plans for Associations: HB3321 Adopted and took effect February 18, succeeded temporary rules.
- 5.** Statistical Plan Adoption Rule for Workers Compensation was adopted early April 2008.

**b. Rulemaking in Progress:**

- 1.** License Examination Fees and changing the Renewal period for adjusters and insurance consultants licenses permanently adopting temporary rules.
- 2.** Upcoming hearing to permanently adopt temporary rules HB 3103 regarding public access to health insurance ratemaking filings.
- 3.** There will be a May 28, 2008 hearing regarding Criminal Records Checks authorizing the department to require finger prints when applying for a producer, consultant, adjuster, life settlement provider or life settlement broker to have license criminal records checks.
- 4.** The Division is filing four notices of rulemaking in May:
  - a.** Health Bill 2213 Transparency Legislation requires insurers to inform insured members about their share if costs of medical services or procedures.
  - b.** New legislation that will amend a current rule regarding CPA audit rules. It will require all insurers that file an annual financial statement to establish an audit committee. It will prohibit the Division from recognizing independent CPAs as qualified to run certain non-audit functions. Larger companies will have to file an audit and prohibits an independent membership of the audit committee. This will go into effect 2010 and will need NAIC accreditations.
  - c.** There will be proposed adoption and amending of the Oregon Administrative rules relating to rulemaking governing Annual Audited Insurer Financial reports

and correction of rules governing domestic insurer proxies. This will correct an error of a resolution that we adopted a couple years ago.

**d.** Proposed adoption and amending of Oregon Administrative relating to Insurance Sales regulatory and amends replacement rules of life insurance and annuities as well as disclosure requirements.

**e.** HB 3605, 2008 Special Session-Proposed adoption of Oregon administrative rules establishing general criteria to authorize the Director to issue orders under insurance code in event of governor's emergency declaration.

**c.** Other Items that the Insurance Division is working on:

**1.** We are working on the definition of an adjuster because the current definition is not specific.

**2.** Interstate Compact Standards -We are working with Securities to develop regulations on the use of Interstate designations by insurance producers.

Russell Latham informed the Committee that Scott Kipper had sent a letter out to each of the domestic insurance companies concerning the amendment to the CPA financial statements auditing requirements. Insurers should be receiving that letter today. Russell clarified that one of the amendments was to change the term of the managing partner of an audit from seven to five years.

**B.** 2009 Legislative Concepts Development Status -- Scott Kipper

Issues are confidential. Proposals have been processed through DCBS and now are at the Governor's office. We should expect the package back from the Governor's office sometime mid-May.

**C.** Staffing Updates – Scott Kipper

**a.** We had a number of key vacancies at our last meeting. We have filled some very important positions. Mary Ann Evans, Sr. Health Policy Analyst; Anthony Behrens, Policy & Legislative Analyst; Rhonda Saunders-Ricks, Rates & Forms Manager; Lisa White, Consumer Advocate; Yani Horst, Consumer Liaison; Agnes Makokha; Annuities Rates and Forms Analyst; Lynn Marshall and Denise Ricketts, Licensing Technicians, Diane Yarbro, Administrative Assistant.

**b.** Three of our staff will be leaving. Bill Karalekas, Investigations, Carl Lundberg, Deputy Administrator and Lewis Littlehales, Sr. Policy Analyst.

Jim Davis commented on the addition of Yoni Horst and Lisa White. He also complimented Lewis Littlehales work over the years.

### **III. Insurance Issues – Scott Kipper**

**A.** Optional Federal Charter

A house and federal law allowing life and annuity and possible property/casualty insurers to decide if they would like to be governed by a state or federal regulator. DCBS, DFCS, Insurance Division and NAIC is opposed. Our voice will be heard by congressional delegation. Another piece but not a part of Optional Federal Charter would be the resurrection of NARAB legislation at the federal level. Several years ago, states were required by the federal government to create a uniform Producer Licensing Act. We have just gone through an audit by NAIC and have met 33 of the 35 licensing standards. We have addressed one rule and our legislation will address the other.

There is a NAIC meeting coming up in late May in Washington. The next NAIC quarterly meeting will be June 1<sup>st</sup>, 2008 in San Francisco.

## B. NAIC Trends

Bond Insurers- Due to the sub-prime lending issue has put pressure on companies' solvency. Bond Insurers, led by New York Department of Insurance will move to input money and bond insurers into the market. Bircher Hathaway applied for admission to the state of Oregon and we turned their application in a timely six days.

## C. Interstate Compact

There are 25 states in the Compact. The concept is that if you file a product to the compact and that product meets the standards and is approved by the compact then the product will be deemed approved by the other members of the compact. Scott went on to say that Oregon has "Compact Life" which by rule allows us to disapprove a product if it has negative effects on consumers.

## D. Online Continuing Education - Jim Thompson

The online C/E program allows those located in the geographically isolated areas of Oregon to participate on continuing education at home rather than having to commute. There is an oversight of the program. There were 526 active C/E providers and 6500 active C/E courses. People are able to complete in less time than allotted. The courses are approved using the NAIC methods. We adhere to those. We are not going to "short people hours" if they complete it less time. They are not allowed to toggle between screens.

Dean Kortge raised a concern that rules of the NAIC have not been changed since they were written about 30 years ago. He suggested that it should be required of providers to have a number of hours of study before an exam; face to face exam; and another criteria would be to pass a competency exam. Jim Thompson said that the Division is consulting other states regarding these issues.

Jim Davis raised the issue of an agreement to provide easily accessible information to consumers of health insurance rate increases and reasons for rate increases. Could it be made available on the Internet? Scott explained that there is information of rate filings posted on the Divisions website and included in the rules of rate filing is that there be verbiage that allows the consumer to easily understand the rate filings. Yani invited consumers to make suggestions on how the Division could make the website more understandable. Jim Davis suggested a focus group to do a trial-use on the website.

## IV. Property and Casualty Insurance Updates

### A. Title Insurance – Joyce Patton

Status check on Title Rates. We started a rate review process with title insurance. At the end of March we sent letters to OTIRO (Oregon Title Insurance Rating Organization) in which all Title Insurance companies in Oregon are members to produce annual statements for 2004, 2005 and 2006. We have received the annual statements for 2004 and 2005. We have had several questions and that letter of March 27th went back to the insurers asking for a response. We expect a response by April 30th. We should get the 2006 annual statement shortly. The 2007 Annual statement should be available sometime this summer. We will be meeting with Oregon Land OTIRO Quarterly Liaison meeting on April 23, 2008. Russell Latham's explained that his department will be focusing on doing regular market tri-annual exams on domestic title insurance companies with an examination date as of December 31, 2007 examination date.

### B. Personal Injury Protection (PIP) Application –Scott Kipper

There was a concern that PIP applications were not easily accessible to the insurers after an automobile accident. The inability to fill-out the claim form slowed down the process. There was to request from a group of the Property/Casualty insurers to produce a uniform application and post on the Division website. The division staff are gathering PIP applications from various carriers and inviting P/C insurers to meet to work on this issue.

## **V. Health & Life Insurance Updates**

### **A. Rates and Forms Update – Scott Kipper**

Scott introduced Rhonda Saunders-Ricks. She contributed that her department is strategizing on how to approach the backlog of rates and forms filings.

### **B. Health Care Reform – Scott Kipper**

Oregon Health Fund Board will be holding numerous town meetings around the state to gather citizen input on a number of recommendations from the different committees: Benefits delivery system, Quality Eligibility and enrollment and exchange and Federal laws. The board is an independent seven-member board that will take the series of recommendations out to the citizens for review and then will assist in creating legislation for next year. Town meetings will start in May 2008 and end mid June and will be called the Health Fund Board.

## **VI. Consumers**

### **A. Advocacy Activity -- Ron Fredrickson**

Ron enjoys his positions as manager of a team of 8 very passionate, dedicated people who want to help others with their insurance related problems. Talked about what Consumer Advocacy does, the trends, the challenges and asked how Advocacy could be more effective. Advocacy receives 15,000 calls and inquires a year. Half our time is talking to and assisting people in understanding insurance principals, coaching, explaining process, and concepts. We help walk ins and inquiries from the web. We do outreach. Senior and Family Education, predatory marketing practices. We were on the ground with FEMA at Tillamook and Vernonia helping to answer questions.

We handled 3,861 complaints last year. We code every complaint. Across all lines-- auto, health, life, homeowner insurance, the number one complaint is unsatisfactory settlement, next delay, and then claim denial. We are able to see the trends in the market by these calls. We work with sister departments in DCBS. Consumer Advocates refers some complaints to the Market Surveillance Unit, when appropriate. In one instance from a credit scoring complaint it was found out that 259 people had been affected.

Our biggest challenge is to inform the public that we exist. We are not always able to assist in the way that they want but we have the ability to enforce, persuade, or to turn it over to surveillance for investigation. Health companies are required to inform their insured's that they can contact Consumer Advocacy, but other lines do not. In the future Advocacy will look into using electronic reporting to expedite the process.

Jim Davis thinks that Advocacy should be commended. What I would like to see more forums, more public meetings, more Consumer Outreach.

### **B. Outreach – Yani Horst**

We are getting out there. I have just come back from Ontario and Burns. I had over 100 seniors attend one of the meetings. We focused on the SAFE program which centers on Senior Abuse and Senior issues. We are taking a proactive approach. In February we attended 10 presentations, seven were related to Senior issues, and three on health insurance issues My goal is to have the consumer groups participate actively not only by attending meetings but in the rule making process. In March we attended seven health insurance and property and casualty events. In April we have held eight events and three more are scheduled before the end of the month. In May we have ten scheduled. We will be working with DOJ, DHS, Construction Contractors Board, DFCS, SHIBA and Workers' Compensation.

### **C. Senior Designations – Scott Kipper**

Currently we are seeing an issue that we are concerned about. It is a trend where unscrupulous insurance producers in the senior market selling Annuities, Long Term Care, and Medicare are using terms to purport that they are experts in the field. Terms such as 'Certified Senior Advisor' or 'Senior Expert' come from them attending a marketing class without the proper training. We are looking into regulating Senior Designations.

Jim Davis agrees that the producers should be scrutinized and the market monitored regarding training for producers using the designation Senior Expert and training made available so as to have credible producers. Dean Kortge suggested the American College, which has comprehensive approach on the subject.

**VII. Items for 2008 Agenda – Attendees**

**VIII. Adjourn – Rich Kingsley, Chair**