

# **INSURANCE ADVISORY COMMITTEE MEETING MINUTES**

## **July 27th, 2004**

**Committee Members Present:** Richard Kingsley, Krista Fisher, Dean Kortge, Catherine McCann, John Powell, Jim Davis, Justin Delaney, Lisa Trussell, Steve Dixon, Jim Davis

**Committee Members Absent:** Justin Baxter, Laura Cooper, Pam Lally

**Insurance Division Staff Present:** Joel Ario, Shelley Bain, Nancy Boysen, Lewis Littlehales, Elizabeth McMahan, Michael Morter, Pat Neesham, Carol Simila, John Piper

**Others Present:** Diane Lund, Toni Chodrick, Muriel Dittler, Kathy Barrie, Lana Butterfield, Gayle Wong, Gail Worden, Shawn Miller, Brian Miller, Lara Smith, Dori Miller

### **I. Division Update**

A. Joel reported that the Oxley Bill covering federal regulation of insurance is expected to be introduced in Congress. Significant action on insurance reform is anticipated for the 2006 session. The bill addresses the following:

- Producer (agent) licensing - full reciprocity for non-resident producers
- Company licensing - electronic uniform applications, which most states are using
- Market regulation - The NCOIL model, scheduled for approval by the NAIC
- Rates and forms - streamlined processes with more accountability and compatibility with national standards

B. Rates and Forms customer survey - Joel reported that over 90% of the survey respondents rated our customer service in the two highest categories.

C. Producer licensing rules - Lewis reported that an advisory committee meeting will be held September 22, 2004. This rulemaking will address the following issues:

- Terms of agreement when producer charges a fee or a combined fee and commission.
- Felony waiver authority for unlicensed persons
- NAIC standards for various limited class licenses
- Administrative procedures for Division use

### **II. Property & Casualty Insurance Issues**

A. Market Assistance Program (MAP) - Pat reported that a meeting was held on April 16, for contractors, insurers, agents, the public and attorneys to discuss the construction contractors' MAP. A committee will be presenting the web-based MAP program today at 3 PM in room 4B.

B. Personal Injury Protection (PIP) Update (HB 3668) - Michael reported that last session's bill took effect on January 1, 2004. We issued a bulletin and email alert to insurers explaining the bill. The bill does the following:

- Raised PIP award limit from \$10,000 to \$15,000
- Links provider reimbursements to the Workers Comp fee schedule

- Prohibits providers from billing the insured for the difference between their normal charge and the WC fee schedule (balance billing)

C. National Credit Scoring Study – Oregon is one of several states participating in an FTC study on the impact of credit scoring upon different population groups. Due date for survey responses is Aug. 20 but companies are slow to comply. Ed Lanssens, Market Analyst, is coordinating the efforts for Oregon.

### **III. Rulemaking Updates**

A. Credit scoring - Lewis reported that a hearing was held on June 3, 2004. He anticipates adopting the rule in August. Proposed rules address:

- Limiting the effect of significant personal events on credit scoring.
- Notice of opportunity for annual re-evaluation of credit history
- Definition of adverse underwriting decision

B. Permanent rules implementing the Oregon Insurance Guaranty Association (OIGA) assessment bill, which provides funding for State Fire Marshal, were adopted on May 15, 2004 replacing temporary rules that were soon to expire.

### **IV. Legislation Updates**

A. Homeowner insurance bill - Michael reported that the following issues are being considered for this bill:

- Underwriting and rating issues
- Look-back limit on claims history
- Inquiries cannot be rated as claims
- Zero paid claims cannot be rated
- Prohibition against denying homeowner coverage on a single family home in which adult foster care is provided.
- MAPs (market assistance plans) and joint underwriting associations - Lewis described the Division's proposal to revise a 1987 Statute to allow the Division to create MAPs and plans of operation without a hearing in order to respond faster to hard market situations.

B. Technical housekeeping bill –addresses info exchange with the Dept. of Revenue on retaliatory taxes and other technical amendments. A general comment session will be scheduled in September in order to hear from stakeholders.

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

A. Consumer-driven health care - Shelley reported on three basic types of plans:

- Design-your-own plans
- High deductible plans
- Health savings accounts - the Division regulates the insurance policies but not the savings accounts. These are regulated by the IRS.

B. Long-term care insurance reform - Joel reported that the Governor is interested in the following reforms:

- Income security for people “in the middle”
- Reducing severe rate increases that cause people to drop their coverage
- Flexibility of coverage options
- Converting policies (up or down, as per NAIC model)
- Inflation protection
- Portability among states, reducing lapses when policyholders move to states with fewer options

## **VI. Rulemaking Updates**

A. Lewis reported that we adopted an authorization form for genetic testing for life insurance applications. The charges were effective June 2004.

B. Proposed suitability rules requiring that a life or annuity product not be “unsuitable,” based on Iowa’s rules, are generally supported by agents, while companies prefer the NAIC’s national model for its regulatory streamlining effect, but even then only if actual and substantial abuses are shown to exist in the Oregon market.

C. Standard Health Statement - Shelley reported on changes proposed to HIRAC (Health Insurance Reform Advisory Committee) intended to update and clarify language and add medical conditions to the statement form.

D. Privacy regulation, relating to health insurance - Lewis reported that this 2003 legislation is intended to coordinate state requirements for personal financial information, personal information and protected health information that relate to HIPAA requirements. Advisory committee meeting will be held in early September.

## **VII. Legislation Updates**

A. Nonprofit and charitable annuities (eliminating regulation) - We are proposing to set minimum standards and to no longer regulate and license educational institutions and nonprofit entities that issue these annuities and meet the minimum standards.

B. Regulation of investments by health care service contractors in subsidiaries - We are recommending that health care service contractors’ investments in subsidiaries be subject to the same standards that those investments are subject with respect to commercial insurers.

## **VIII. Consumer Education Updates**

A. Joint outreaches led by United Seniors - Jim reported seeking grant funding to develop an awareness and outreach project possibly set up similar to the SHIBA program. The Insurance Division is supportive and expects to participate in this project. Possible means include:

- Community workshops and presentations on insurance and LTC issues
- Media outreach by means of TV and newspapers

B. On-line health plan comparison chart - Carol reported this project has been held up by other priorities in the Division.

C. Consumer rights training for agents - Carol reported that a recent outreach opportunity brought forward an idea to establish a training session for agents on consumer rights. Currently continuing education courses include law and ethics but nothing on consumer rights. Carol will pursue having this course approved for CE credit.

**IX. Publications** - John P. reported:

A. A Long-term Care Guide is being updated.

B. The 2003 Consumer Complaint Guide should be printed by September, but already has been posted to our web site.

C. We are working on the Auto & Homeowner Consumer Guides.

D. We are participating with insurance departments around the country in a NAIC public awareness campaign, "Fight Fake Insurance." It will address the dangers of purchasing insurance from unauthorized companies and will be publicized on web sites, television and radio interviews. No flyers are anticipated.

**X. Insurance issues for next agenda**

- Homeowners bill update
- Consumer-driven health care
- Long-term care reform
- Consumer outreach
- Joel's regulatory modernization report

**Meeting Adjourned at 11 AM**