

**OREGON INSURANCE DIVISION
ADVISORY COMMITTEE
MEETING MINUTES
October, 24 2006**

Committee Members Present: Pam Jodock, Jim Davis, Laura Cooper (via phone), John McCormick (on behalf of Justin Delaney), Laura Etherton, Rich Kingsley, Lisa Trussell

Committee Members Absent: Dean Kortge, Justin Delaney

Insurance Division Staff Present: Carol Simila, Joel Ario, Lewis Littlehales, Ron Fredrickson, Cece Newell, Greg Ledbetter, Joyce Patton, Lewis Littlehales, Lisa Dixon

Others Present: Lana Butterfield, Toni Chodrick, Muriel Dittler, Nancy Nevins, Brian Milller, Ken Duong-Tran, Theresa Niebert, Margaret Van Valkenburg, Ellen Landolf, Krista Fisher, John Powell, Dianne Rushcamp

* **Special presentation of State Fire Marshall** on Fire Safer Cigarettes coalition by Tari Glocar, Nicole Ohmart & Krista Fisher.

Governor has approved draft of legislation for Oregon in 2007. This technology reduces death and property loss by 50% as shown by 6 other states that have passed the legislation. From 1999 to 2005 there were 8,824 fires, 37 deaths, 185 injuries and 32.2 million in direct property losses as a result of a cigarette that kept burning once it was lit. The technology being the cigarette self extinguishes because of the 'speed bumps' in the paper that restrict burning unless puffed on. The tobacco industry has had the technology to do this since the 1980's but are implementing it only when mandated by legislature. Canada passed this nationwide in 2005. DCBS has taken a position to support this legislation. For more information regarding this call Tari Glocar at State Fire Marshall at: 503.378.FIRE ext 273.

I. Insurance Division Update

A. Administrator overview-Joel Ario

1. Cindy Jones resigned from the Market Surveillance position, there has been a reorganization of Market Regulation, Jan Miller Manager of Consumer Services, Gayle Woods is Assistant Manager to Consumer Services, and Joyce Patton is new P/C Policy Analyst.
2. Health- Regulation not moving to a federal level. Talk is about a 'pay or play' program, taxing employers that don't have healthcare and no tax for the ones that do.
3. Life- Interstate compact to create portability of products between states is in 28 states so far and will start in January of 2007. The division will look at the rules to assure no conflict with our rules and processes.
4. Property & Casualty- no federal regulation of P/C is imminent, as you can't take it with you.

B. Rules- Lewis Littlehales

1. Adopted

- a. Regulation of insider trading and proxy voting for domestic insurers. This rulemaking implements Oregon statutes governing insider trading of equity securities of domestic stock insurers and amends Insurance Division rules

governing proxies, consents and authorization relating to domestic insurers. Effective 8/7/06.

b. Notice of collision damage waivers to be posted by auto rental agencies. This rulemaking moves a rule from the chapter of rules governing DCBS generally to the chapter of Insurance Division rules. This is intended to make the rule easier to find. No change in notice requirement. Effective 8/11/06.

c. Service contracts; proof of financial stability. This rulemaking amends a rule governing service contract obligors and the required proof of financial stability to conform the rule to legislation enacted in 2005, enabling certain obligors of service contracts that are home service agreements to provide an alternative proof of financial stability. Effective 9/8/06

d. Editorial, updating and other no substantive changes to Insurance Division. This rulemaking corrects and updates erroneous or superseded statutory, rule and other references in the rules of the Insurance Division.

e. Workers' compensation insurance; premium auditing; filing of employer payroll statements with insurers. Proposal: delete requirement that the payroll statement has to be signed, in order to facilitate use of electronic means for filing these statements. No hearing. Deadline for comment: December 13, 2006

2. Proposed- NAIC model disclosure of annuities.

a. Company owned life insurance requires insurers to inform employees when they are covered under a group COLI policy.

b. Title- Equity indexed annuities amend rules governing advertising and other services provided by title insurers for real estate agents and other businesses using title insurers.

c. CE- standardized education to speed approval and consistency of courses between states.

C. Publications –John Piper

1. Latest Regulator newsletter & Complaint booklet 2005 on our web page.

2. Producer licensing website reorganized.

3. Added Health benefit plan reporting on SB 501 to web page.

4. Credit scoring FAQ on our web site.

D. Consumer Outreach- Carol Simila

1. Producer focused recently.

2. Attended Komen foundation presentation. Consumers raised concern about women paying 2 co pays at the annual exam, one for lab work and the other for office visit. This is allowable under the statute.

3. Self employed insurance and the affordability of that came up at several caregiver conferences.

4. Network adequacy came up with the availability of providers and issue.

5. Producers have asked for continuing education courses that cover consumers rights more in depth, including elder abuse and working with difficult consumers.

6. Consumer Advocacy- Ron Fredrickson

a. Outreach also being done by Advocates, some consumers unaware that we exist and we want to get the word out that there is a free service and support for consumers. The outreach efforts going on now and in the future are advertising,

print media, radio ads in English and Spanish, a toll free 800 number is being researched, and Advocates going out into the community and speaking to groups in English and Spanish.

b. Jim D suggested that the division get on the road more and get more consumer input at the Advisory committee meeting. The mission of this committee to bring a consumer point of view to the division.

II. P/C Legislative concepts- Joel Ario

A. Medical Malpractice insurance- This is to keep the doctors in rural areas by making it more competitive and keep the rates low.

B. Credit scoring FAQ is on our site, while concepts are being written, the division will be neutral and factual in our information given.

C. Construction Contractors Task Force- Cece Newell

1. Next meeting is October 25th, 9-2 pm in Rm 260. Upcoming meetings, November 28th and is open for public testimony on the issues to date, December 20th, January 12th. The goal is to wrap up the CCB issues.

III. Life & Health Legislative concepts and proposals-Joel Ario

A. LTC-Make Oregon a partnership state to buy LTC earlier in life to avoid having to spend down all assets to be eligible for Medicaid funding of nursing home care.

B. Interstate compact- As long as it has the same consumer protection language to compare with Oregon; it would streamline product review process.

C. Medical discount cards- Regulation to make sure they are legitimate and give a 20 day free look period to eliminate high pressure tactics that might help eliminate problems.

D. Transparency-Two aspects to say to healthcare providers that they can get more information to consumers before service so they can make a better decision. Pricing on product for example.

1. Hospital transparency- In patient procedures rates at hospitals for billed charges. Individual rates vs. Commercial rates, hospitals are having some resistance on this.

2. Out of Network- Show a % of usual and customary fees: standardization of this formula so consumers know what it is. Stakeholder meetings being held.

E. Health insurance market study- 2005 law on loss ratio and loss ratio on market segments. The commercial marketplace is 1/3rd Medicare/Medicaid is 1/4th, and uninsured is 1/4th.

F. SB 501 report will have some companies' profitability up to record levels of 10%.

G. Governors office working on Healthy Kids Task Force.

H. Mental Health Parity: Some companies are excluding some of the treatments that have been mandated by this bill.

IV. Items for next agenda

V. Meeting Adjourned at 11 AM