

INSURANCE ADVISORY COMMITTEE MEETING MINUTES

October 25, 2005

Committee Members Present: Richard Kingsley, Krista Fisher, John Powell, Jim Davis, Lisa Trussell, Tim Stumm

Committee Members Absent: Laura Cooper, Justin Delaney, Dean Kortge

Insurance Division Staff Present: Joel Ario, Shelley Bain, Jan Miller, Michael Morter, Carol Simila, John Piper, Carmen Mendiola

Others Present: Cain Credicott, John Powell, Marci Meink, Muriel Dittler, Lana Butterfield, Krista Fischer, Nancy Nevins, Jack Munro, Verna Porter, Brian Miller, Lara Smith, Pam Jodock

A. Introductions

I. Division Update

A. Administrator Report: Joel Ario

Nancy Boysen, manager for Consumer Services and Market Regulation, has accepted a job rotation to the Division of Finance and Corporate Securities. Jan Miller from Workers' Comp is filling in for Nancy on an interim basis.

We are developing legislative concepts for next legislative session.

Handouts: Discussed new brochure on DCBS' strategic plan. Joel called attention to the Insurance Division mission statement: enforcing the insurance code for the benefit of the insurance buying public while also promoting a positive business environment for the insurance industry.

There are three fundamental goals: protecting consumers and workers, regulating in the manner that supports a positive business climate, and being accountable to the public .

Page 9—Insurance Division Agenda:

- Health insurance again high priority with consumers and business
- Transparency of cost and quality to make marketplace more accountable and competitive and give consumers more information to understand pricing and other issues
- Health insurance reforms, including a report to the 2007 legislative session on prior reforms
- Mental health parity

Other issues:

- Implementing the homeowner bill
- Total loss on vehicles which is generating lots of consumer complaints
- Electronic licensing
- Electronic consumer complaints
- Long-term care insurance as a viable product for people in the middle range of income
- Variable and equity mixed annuities
- Viatical and life settlements

Industry seminar on November 3, 2005: Morning session for Property/Casualty; legislation and credit scoring rules will be discussed in detail followed by a meet-and-greet with staff. Afternoon session on suitability, viaticals and life settlement issues, and then a meet-and-greet with staff.

B. Rules – Lewis

- - Long-term care rule was originally written to say that all advertising would be filed with us for review; change to “at our request.”
 - Rules that have been adopted since the last Advisory Committee meeting:
 - Custodial agreements for domestic insureds—hearing on November 30th.
 - Fee disclosure for producers—this is a temporary rule which needs to be permanent; hearing Oct 27th, 2005.
 - Annual statement blanks—financial income statement has to be approved in its new form
- Upcoming issues are:
- Producer pre-licensing on-line
 - Workers Comp. uniform statistical plan
 - Insider trading with domestic insurers, a narrow issue pertaining to ClearChoice
 - OIGA recoupment

Pregnancy exclusions not allowed statute, will have a proposal by Nov 15th. Question was asked regarding OMIP pregnancy exclusion. OMIP has a 6-month wait for pregnancy. OMIP Board looked at whether they should have a 12-month exclusion; consensus was that it is not allowed under the statutes. There can be a pre-existing condition up to 6 months, including HMO's.

C. Publications - John Piper. Updating consumer guides for health, homeowners, auto, and LTC. Also, working on the Fall issue of Oregon Insurance Regulator.

II. Property & Casualty Insurance Issues

- A. Michael reported on HB 2078, a bill that created a task force to study a number of issues that face the contractor liability marketplace including construction practices, building codes, enforcement, availability and affordability of insurance. DCBS is charged with selecting a consultant who will do a technical study of the marketplace. Projected completion date: May to June of 2006. The task force will be meeting monthly for the next several months with Building Codes taking the lead with assistance from Insurance Division.
- B. Underinsured homes— what tools do we have to assess the insured's value; how does industry determine value. This will be discussed at the Industry seminar next week.
- C. OIGA surcharge change in 2003 will be brought back to rulemaking. The question is what is the best way to get over-collections back to the policyholders.

III. Health & Life Insurance Issues

- A. Long-term care update by Shelley Bain. Division is considering whether to adopt NAIC model act. Lewis has looked at differences in model law and current law; currently, beneficiary receives service in four placements. In the NAIC model act, in order to be more flexible, coverage is described in terms of services, not placements. Also a difference in minimum coverage period – our statutes require of minimum of 24 months; NAIC model is a minimum of 12 months coverage. Another issue is additional training for producers who sell LTC. Another concern is uniformity of LTC products countrywide; also more flexibility in the product and differences in coverage from state to state as people move.

Jim Davis reported on \$50,000 possibly being made available to senior advocacy groups for a comprehensive outreach program for LTC education for seniors.

- B. Viaticals- Shelley Bain
The Division is considering amendments to statutes that were enacted in 1995. We are looking at the small markets that are unregulated by us; DFCS regulates the security side of the market. Abuses include advertising claims, clean-sheeting.
- C. Senate Bill 501—Shelley Bain
Transparency bill that passed during the last legislative session requires insurers to report certain financial information to Insurance Division; this information will then be posted on our web site which to provide consumers more information. Rulemaking will be moving forward.

IV. Consumer outreach and involvement

Carol Simila reported efforts to include consumer perspectives in insurance regulation:

- LTC reform workgroup will meet tomorrow to review the NAIC model and state statutes
- Health insurance and patient rights presentations recently to diagnosis-based consumer groups, including how to access their benefits. Caregivers are organizing as a consumer constituency to learn to better advocate for the people they care for. Overall, consumers are interested in their rights as they relate to all lines of insurance.

V. Insurance issues for next agenda

- Fake insurance: Need for registration with the state and a "free look" period
- Issue of high-deductible health plans offered by Marsh – it appears that the Div. has posed no obstacles to Marsh offering these plans in Oregon.
- ID theft insurance: OSPiRG is looking at this issue
- Health coverage for uninsured
- Report on success of Nov. industry seminars

Meeting Adjourned at 10:30 AM

Next meeting will be January 24, 2006