



Department of Consumer and Business Services

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Before the
Senate Health Care, Human Services and Rural Health Policy Committee

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HB 2087-A

Testimony of
Teresa Miller, Administrator
Insurance Division
Department of Consumer and Business Services

For the record, my name is Teresa Miller. I am the Administrator of the Insurance Division of the Department of Consumer and Business Services. I am here today to talk to you about HB 2087-A, which increases the benefits available to consumers under the guaranty fund and also updates our laws governing the operations of the Oregon Life and Health Guaranty Association so that the Oregon provisions align more closely with the National Association of Insurance Commissioners' model act and with laws of other states.

Oregon's state guaranty funds protect consumers in the event that an insurer cannot pay its claims, in much the same way that the FDIC protects bank deposits. The Oregon Life and Health Guaranty Association covers annuity contracts and life and health insurance policies, including disability, long-term care, and major medical, surgical and all other health insurance. The Association is funded through two assessments on life and health insurers. The first is an annual assessment, currently at \$150, that pays for the day-to-day operating expenses of

the association. The second assessment is only imposed if an insurer cannot pay its claims, at which time the association determines the amount needed to cover the insurer's obligations and assesses other insurers in an amount necessary to cover those obligations.

HB 2087-A provides important consumer benefits by increasing the level of protection for basic hospital, medical and surgical insurance or major medical insurance, disability and long term care insurance. This bill raises the protected coverage limit for life and health insurance policies from \$100,000 to:

- \$300,000 for disability policies.
- \$300,000 for long-term care policies.
- \$500,000 for major medical, surgical or other health insurance policies.
- \$250,000 for structured settlement annuities.

The aggregate limit for major medical, surgical and all other health insurance would increase to \$500,000.

HB 2087-A also updates Oregon law to include changes made to the NAIC model law since 1991. This will allow Oregon to better coordinate activities that involve other states if an insurer fails and relief is provided to consumers in multiple states.

We'd like to note that while this bill does authorize the Association to increase its annual operating assessment from \$150 to \$300, HB 2087-A has the full support of industry. The assessment allowance has not increased since 1991, and it represents an extremely small cost to insurers for the protection the Association provides to Oregonians.

Thank you for the opportunity to testify, I'd be happy to answer any questions you might have.