

Legislature approves licensing, GLB, solvency bills

Three bills introduced by the Insurance Division have been approved by both houses of the 2001 Oregon Legislative Assembly. The measures facilitate interstate licensing of insurance agents, respond to federal financial services modernization legislation, and improve financial and solvency regulation.

A fourth bill, which would have consolidated insurance company taxation, was withdrawn.

SB 268 — Insurance licensing

SB 268, patterned after the Producer Licensing Model Act adopted by the National Association of Insurance Commissioners (NAIC), standardizes licensing requirements and establishes reciprocity with other states.

SB 268 allows an agent licensed in his or her home state to sell insurance in Oregon by satisfying basic requirements, such as submitting an application, pay-

The Insurance Division will develop privacy regulations once SB 269 is signed by Gov. John Kitzhaber. Rules will be on the division's Web site (www.oregoninsurance.org) and covered in the next *Regulator*.

ing applicable fees, and meeting the home state's continuing education requirements. The agent's home state also would have to grant reciprocity to Oregon agents.

Gov. Kitzhaber signed the bill May 24.

SB 269 — Coordination of insurance, banking and securities

SB 269 improves coordination of Oregon insurance, banking and securities regulation in response to the *Gramm-Leach-Bliley Financial Services Modernization Act*. The measure:

- Removes statutory barriers to the in-

tegration of financial services.

- Allows exchange of information with federal, international and other state regulators.
- Blends state and federal privacy standards in a manner that preserves current privacy rights in Oregon law.

SB 267 — Insurance financial and solvency regulation

SB 267 updates and improves the DCBS director's authority to monitor the solvency of insurers and health care service contractors. The bill:

- Raises minimum capital and surplus requirements.
- Allows standardization of insurance accounting practices.
- Requires health care service contractors to maintain capital and surplus in excess of the statutory minimum if the

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Lewis Littlehailes helps shape Oregon insurance laws, rules



Lewis Littlehailes

Have a question about the Oregon Insurance Code?

Better call **Lewis Littlehailes**.

Looking for information about Insurance Division administrative rules?

Again, Lewis Littlehailes is your man.

For more than 20 years, the quiet, unassuming Littlehailes has had a hand in Oregon insurance laws and rules.

"Lew is essential to our legislation and rules," says Insurance Administrator **Joel Ario**. "We rely on him to draft bills and rules for all lines of insurance, and he's our point person when the Legislature is in session.

Plus, Lew has our institutional memory."

Littlehailes has been the Insurance Division's legislative and rules coordinator since July 1987. He joined state government in 1980 as an attorney in the Legislative Counsel's office, where his duties included drafting insurance legislation. He also was involved with insurance during a two-year stint with the state Department of Commerce from 1985-87.

Drafting legislation can be challenging.

"You have to make sure new laws mesh with existing laws, do what

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AGENT LICENSING

Correct address critical for timely renewal of agent licenses

By Margarita Nuñez

In the last issue, I discussed frequently asked questions about license renewals. In this issue, I'd like to answer some common questions relating to agent address changes.

Up-to-date address is essential

Invalid addresses are the No. 1 reason why agents don't receive their license renewal reminders, which are sent out 75 days before a license expires. If you haven't received your renewal reminder 30 days before your license expires, please call the Agent Licensing Unit, (503) 947-7981, and request a duplicate renewal.

If you have changed your address but haven't notified us, you will be asked to submit a signed address change. You can send us a letter or use Form 440-1996, *Agent Address Change*, which is available on our Web site: www.oregoninsurance.org.

Oregon law requires agents to notify the Insurance Division within 30 days of a change of business or residence address or telephone number. Changes may be faxed to the Agent Licensing Unit, (503) 378-4351, or mailed to Oregon Insurance Division-3, 350 Winter St. NE, Room 440, Salem, OR 97301-3883.

At this time, we cannot accept changes sent via e-mail because a signature is required before we can make changes to an agent's address or telephone number.

Affiliations and address changes

We have received numerous inquiries as to why we don't automatically change an agent's business address when we receive a new affiliation. The main reason is that Oregon law requires changes to be authorized by the agent and an affiliation form is not an authorization from the agent. A secondary reason is that agents often are affiliated with more than one agency.

Letter of clearance vs. letter of certification

Resident agents routinely request a letter of clearance from us when they move to another state. The letter is required by the insurance department in their new home state in order to obtain a license. When you request a letter of clearance, your Oregon license becomes inactive.

We recently received several letters from agents requesting letters of clearance who did not need them. This resulted in the unintentional surrender of their Oregon license, which we have since reinstated without a break in authority. What these resident agents really needed was a letter of certification, which is required for them to be licensed as a nonresident agent in another state. The letter of certification states that an agent is currently licensed and in good standing in Oregon. If you have any doubts about what kind of letter you need, please call the Agent Licensing Unit, (503) 947-7981.

Margarita Nuñez is manager of the Agent Licensing Unit.

Littlehales

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they're supposed to do, and are understandable," Littlehales explains. "You also have to be flexible and work with a variety of people both inside and outside the agency."

In some cases, Littlehales starts with model regulations from the National Association of Insurance Commissioners (NAIC) and adapts them to meet Oregon requirements. In other cases, he works with Insurance Division staff or outside parties to draft laws and rules.

Littlehales is a veteran of 11 regular legislative sessions since 1980. Some highlights:

- In 1993, Littlehales drafted laws and rules relating to insurance company solvency that allowed Oregon to become accredited by the NAIC.

- In 1997, he helped write legislation governing insurance company demutualization.

The current legislative session has been especially busy, thanks in part to three bills submitted by the Insurance Division. Two of the bills are in response to provisions of the *Gramm-Leach-Bliley Financial Services Modernization Act*. In addition, he helped draft patient protection legislation for a coalition of insurers, large purchasers and consumers.

While writing and tracking laws and rules take up much of his time, Littlehales also serves as a resource for division employees, industry and consumers.

"I like to help people inside and outside the office to find the law and make what we do more understandable," he says.

Littlehales and his wife, Louise, have two sons. The Portland native enjoys drawing, painting, reading and hiking.

Legislature

Continued from Page 1

DCBS director determines a greater amount is needed according to standards established by rule.

- Updates accounting standards and security requirements in connection with credit for reinsurance.

SB 266 — Insurance company taxation

A fourth measure, introduced by the Insurance Division and the Department of Revenue, was withdrawn. SB 266 was intended to improve efficiency for insurers and the state by consolidating insurance company taxation in the Insurance Division. However, further analysis of the bill showed that the cost of new security measures required by the Internal Revenue Service would have offset any expected savings from the consolidation.

INSURANCE ADMINISTRATOR'S COLUMN

State regulators are meeting the modernization challenge

State insurance officials have made tremendous progress in their efforts to modernize insurance regulation. The National Association of Insurance Commissioners (NAIC) is spearheading a bold set of initiatives that will move state insurance regulation well beyond the requirements of the *Gramm-Leach-Bliley (GLB) Financial Services Modernization Act*. Our goal is to bring greater uniformity, efficiency and effectiveness to state insurance regulation while continuing to protect consumer interests.



The initiatives are outlined in the *Statement of Intent—The Future of Insurance Regulation*, which was signed by all state insurance commissioners in March 2000. Agent licensing, national treatment of companies, speed-to-market, e-commerce, market conduct, and privacy are among the issues addressed in the statement of intent.

In light of the NAIC's initiatives, the recent proposal by the American Council of Life Insurers (ACLI) to create an optional federal charter for life insurers is misguided. The nation's insurance commissioners have clearly shown they are up to the challenge of modernizing state insurance regulation.

Improving rates and forms filings

Four speed-to-market initiatives will result in major improvements in our rates and forms filing process (see story, Page 7). These initiatives are consistent with ongoing efforts by NAIC members to create a timely, responsive regulatory environment for insurers and consumers. Electronic filing, published review standards, and a 30-day turnaround for filings all will make the rates and forms process more efficient.

Legislative update

Oregon legislators have approved three bills proposed by the Insurance Division (see story, Page 1).

Lawmakers also passed HB 3040, which expands patient rights (see story, Page 5). A bill requiring health insurers to pay claims in a timely manner (SB 894) has passed both houses of the Legislature, and it looks like we will be revisiting the design of our minimum benefit plans through

our Health Insurance Reform Advisory Committee.

For the latest legislative developments, check our Web site: www.oregoninsurance.org.

Lewis Littlehales

Much of the credit for the success of the Insurance Division's legislative agenda must go to **Lewis Littlehales** (see story, Page 1). Lew laid the groundwork before the session, getting interested parties together and working out the details of our proposals. He also helped draft patient protection legislation for a coalition of health insurers, large purchasers and consumers. In addition, Lew is our administrative rules coordinator.

Oregon Supreme Court rulings

Two recent Oregon Supreme Court decisions will require the Insurance Division to review its standards for clear writing in form filings. In *North Pacific Insurance Co. v. Donald J. Hamilton et al.*, and *Robert Gary Wright et al. v. State Farm Mutual Auto Insurance Co.*, the court ruled that exclusion clauses in two auto insurance policies were ambiguous and not enforceable. Both cases were decided April 19. Additional information about the cases is available on the Oregon Judicial Department's Web site: www.ojd.state.or.us.

The language in question is commonly used in auto insurance policies. We will be reviewing our standards to ensure that future filings will be in compliance with the court's decisions.

Jackson County justice

The cooperative efforts of several state and local agencies resulted in a former Medford insurance agent's guilty plea on a racketeering charge (see story, Page 5). Johnnie Lee Scott, who bilked dozens of elderly clients, was sentenced to almost four years in jail. My congratulations to the participating agencies on a job well done.

Joel Ario
Insurance Administrator

Janice Hart is latest employee to earn AIE designation

Janice Hart recently received her Accredited Insurance Examiner (AIE) designation from the Insurance Regulatory Examiners Society (IRES). She is a rates & forms analyst in the Rates and Forms Section.

Hart becomes the 12th Insurance Division employee to earn the AIE designation, while

two staff members also are Certified Insurance Examiners.

On the financial side, employees have earned a total of 18 professional designations from the Society of Financial Examiners (SOFE).

COMPANY ACTIONS

Sanctions

Farmers Insurance Group of Oregon Tigard, OR

Violation: Terminated an agent by giving at least 90 days written notice but not specifying the reason for the termination in the notice.

Penalty: \$1,000 fine

Date of order: Feb. 2, 2001

GuideOne Specialty Mutual Insurance Co.

West Des Moines, Iowa

Violation: Failed to respond promptly to an inquiry from the DCBS director.

Penalty: \$2,000 fine

Date of order: Jan. 25, 2001

Pioneer Life Insurance Co. Carmel, IN

Violation: Failed to promptly respond to an inquiry from the DCBS director.

Penalty: \$2,000 fine

Date of order: April 13, 2001

New admissions - Insurers

Admiral Indemnity Co.

Wilmington, DE • March 16, 2001

Property, Casualty excl. WC, Marine and Transportation, Surety

Complementary Healthcare Insurance, Inc.

Portland, OR • Dec. 14, 2000

HCSC-HMDI

Continental American Insurance Co.

Columbia, SC • Dec. 29, 2000

Life, Health

Dealers Assurance Co.

Upper Arlington, OH • May 3, 2001

Casualty excl. WC

Dentists Insurance Co. (The)

Sacramento, CA • Dec. 19, 2000

Property, Casualty, excl. WC, Marine and Transportation, Surety

First Standard Security Insurance Co.

Dover, DE • March 23, 2001

Health

Gencare Dental Plans, Inc.

Salem, OR • March 27, 2001

HCSC-HMDI

GMAC Direct Insurance Co.

Hazelwood, MO • May 4, 2001

Property, Casualty, excl. WC, Marine and Transportation

Hallmark Insurance Co., Inc.

Milwaukee, WI • Jan. 16, 2001

Property, Casualty, incl. WC, Marine and Transportation, Surety, Health

Omni Indemnity Co.

Chicago, IL • May 3, 2001

Property, Casualty, excl. WC, Marine and Transportation

Sentinel Insurance Co., Ltd.

Hartford, CT • Feb. 6, 2001

Property, Casualty incl. WC, Marine and Transportation, Surety

Timberland States Insurance Co.

Beaverton, OR • March 15, 2001

Property, Casualty excl. WC, Surety

Young America Insurance Co.

Dallas, TX • May 3, 2001

Property, Casualty, excl. WC, Marine and Transportation

New admissions - Nonprofits

Christian and Missionary Alliance (The)

Colorado Springs, Co • Feb. 2, 2001

Annuities

National Christian Community Founda- tion (The) dba The Northwest Christian Community Foundation

Seattle, WA • Feb. 16, 2001

Annuities

Suspensions

Acceleration National Insurance Co.

Jan. 19, 2001

Electric Mutual Benefit Association

March 15, 2001

Great States Insurance Co.

April 10, 2001

HIH America Compensation & Liability Insurance Co.

April 10, 2001

International Indemnity Co.

Jan. 30, 2001

Lumber Mutual Insurance Co.

March 9, 2001

Suspension Terminated

Integral Insurance Co. (The)

Reinstated March 15, 2001

Surrenders of Authority

Aetna Life Insurance Co. of America

Voluntarily withdrew • Jan. 16, 2001

America Independent Life Insurance Co. dba Independent American Life Insurance Co.

Merged into Bankers Fidelity Life Insurance Co. • April 1, 1999

QualMed fined \$50,000 for violating laws, rules

QualMed Oregon Health Plan, Inc., has been fined \$50,000 for violating state insurance laws and rules.

The fine was imposed after a market conduct examination of the company's operations from April to July 1999 by the Insurance Division.

QualMed, which is now known as Health Net Health Plan of Oregon, Inc., admitted:

- Failing to pay health insurance claims without conducting a reasonable investigation. Examiners found that QualMed refused to pay almost a third of randomly selected claims

without a reasonable investigation.

- Improperly imposing pre-existing condition limits and not giving individuals credit for previous coverage under the Oregon Health Plan.

- Improperly using individual health statements to determine whether to provide group health coverage.

The Insurance Division found similar violations by QualMed during past market conduct examinations.

The company was fined \$15,000 in 1996 for improperly denying emergency room claims without conducting a reasonable investigation.

COMPANY

Continued from Page 4

Developers Insurance Co.

Merged into Developers Surety and Indemnity Co. • Dec. 29, 2000

Fremont Employers Insurance Co.

Merged into Fremont Indemnity Co. Oct. 31, 2000

Health and Life Insurance Co. of America

Merged into Pioneer Life Insurance Co. Oct. 1, 2000

Security Life and Trust Insurance Co.

Merged into Southwestern Life Insurance Co. • June 30, 2000

Western Farm Bureau Insurance Co.

Merged into Farm Bureau Life Insurance Co. • July 1, 1999

PERSONNEL

Employees recently joining the Insurance Division:

- **Travis Carter**, insurance examiner 1, Company Regulation
- **Rae Taylor**, casualty actuary, Rates & Forms
- **Carla Wagner**, office specialist, Company Regulation

Governor signs bill giving patients right to external review and other protections

The Oregon Legislature has approved a “patients’ bill of rights” that provides additional protections for health insurance consumers. Gov. John Kitzhaber signed the bill May 30.

HB 3040, which applies to insurers selling managed care policies:

- Gives consumers the right to an external review if treatments were denied.
- Allows consumers to sue in certain

cases where companies don’t comply with external review decisions.

- Gives consumers the right to a second opinion about the need for a referral.
- Ensures continuity of care for consumers undergoing a plan of treatment even if their doctor leaves the managed care network.

The bill was sponsored by a coalition of insurers, large purchasers and consumers.

Former Medford agent gets jail for racketeering

Judge rules Johnnie Lee Scott must pay \$649,000 in restitution

Johnnie Lee Scott, a former Medford insurance agent, has been sentenced to 44 months in jail and five years parole after pleading guilty to one count of racketeering in Jackson County Circuit Court earlier this year.

Scott also must make \$649,000 in restitution and is prohibited from holding any business licenses, selling financial products, or conducting business with the elderly.

Jackson County Deputy District Attorney Matt McCauley described Scott as an insurance agent who began taking advantage of elderly clients after he started making bad investments. He said many

of Scott’s victims lost everything they had, including a woman in her 90s who “loaned” him nearly \$250,000.

The Insurance Division revoked Scott’s insurance agent’s license in August 1998 and fined him for misappropriating premiums, making misrepresentations, and using unapproved forms. His agency license also was revoked.

Scott’s son, Richard, pleaded guilty to selling an unregistered security. Richard Scott’s insurance agent’s license was revoked in August 1998.

The Insurance Division, Division of Finance and Corporate Securities, Oregon Department of Justice, Jackson County District Attorney’s Office, and Medford police cooperated in the investigation.

KEY CONTACTS

Oregon Insurance Division

Administration

Information (503) 947-7980
 Fax (503) 378-4351
 E-mail dcbs.insmail@state.or.us

Administrator Joel Ario
 Deputy Admin. Charles Nicoloff

Admin. Services & Operations

Information (503) 947-7980
 Manager Elaine Day

- **Agent Licensing** (503) 947-7981
 Manager Margarita Nuñez

Company Regulation

Information (503) 947-7982
 Manager Charles Nicoloff

Consumer Protection

Information (503) 947-7984
 Manager Patrick Fitzgerald

- **Consumer Assist.** (503) 947-7240
 Manager Larry Culbertson
- **Investigations** (503) 947-7219
 Manager Cindy Jones

Rates & Forms

Information (503) 947-7983
 Manager Carl Lundberg

- **Health** (503) 947-7983
 Asst. Manager Maxi McKibben
- **Life/P & C** (503) 947-7983
 Asst. Manager Donna Bleiler

Other agencies

Oregon Health Plan

800-359-9517

State Portability Option

Oregon Medical Insurance Pool
 (Administered by Regence Blue Cross Blue Shield)
 800-848-7280

COBRA/ERISA/HIPAA questions

U.S. Department of Labor
 (206) 553-4244

Workers’ Compensation Division

General information
 (503) 947-7810

Oregon Government Directory Assistance

(503) 378-6500

PRODUCER ENFORCEMENT ACTIONS

Charles Anderson

Grants Pass, OR

Violation: Misappropriated premiums. Failed to deposit insurance premiums into an insurance premium trust account. Demonstrated he is a source of injury and loss to the public or others.

Penalty: License revoked

Date of order: Feb. 2, 2001

Wayne C. Apple and AV Investments, Inc. dba Valley River Insurance

Eugene, OR

Violations: Misappropriated money to his own use that he received from an applicant relative to an insurance transaction. Failed to keep insurance premiums in a premium trust account. Did not respond promptly to an inquiry from the DCBS director.

Penalty: Licenses revoked

Date of order: March 8, 2001

Garey G. Bergeson and Hansen-McDonald Insurance

Vancouver, WA

Violations: Illegally withheld money received from an applicant. Misrepresented information on insurance policy applications. Failed to deposit insurance premiums into a premium trust account. Failed to notify the DCBS director of a change of business address.

Penalty: Licenses revoked

Date of order: Feb. 23, 2001

Ryan K. Crutcher

Sandy, OR

Violation: Failed to deposit insurance premiums in a premium trust account.

Penalty: \$1,000 fine

Date of order: Feb. 6, 2001

Tracie M. Donahue Rocklin, CA

Violations: Misappropriated money she received on behalf of an applicant for insurance. Failed to deposit insurance pre-

Defaults cause suspended licenses

Licenses of the following agents were suspended for defaulting on child support obligations:

- **Larry J. Grabler**, Lake Oswego, OR; March 2, 2001
- **Earl E. Pruitt**, Rainier, OR; May 17, 2001

Check our Web site for copies of final enforcement actions:

www.oregoninsurance.org

miums into a premium trust account in five instances. Did not promptly or completely respond to an inquiry from the DCBS director.

Penalty: License revoked

Date of order: April 26, 2001

Dean Hinchliff

Canby, OR

Violations: Misappropriated premiums totaling \$19,338 and illegally withheld \$3,060 paid to him as a deposit for life insurance coverage.

Penalty: License revoked; \$8,000 fine

Date of order: Jan. 25, 2001

David W. Holmes and Three Rivers Financial Group

Grants Pass, OR

Violations: Illegally withheld property and money received from an applicant on an insurance transaction. Failed to deposit insurance premiums into a premium trust account.

Penalty: Licenses suspended from Feb. 1 to April 30, 2001; \$2,000 fine

Date of order: Feb. 1, 2001

Elaine L. Koback

Portland, OR

Violations: Misappropriated an insurance premium refund. Failed to pay an insurance premium refund to an insured within 30 days.

Penalty: License revoked

Date of order: May 8, 2001

Edward S. Narayan

Beaverton, OR

Violation: Misappropriated money received from an insurer.

Penalty: License revoked; \$1,000 fine

Date of order: March 5, 2001

Oak Tree Insurance, Inc.

Lake Oswego, OR

Violation: Converted money received from an insurer on behalf of another agent.

Penalty: \$10,000 fine

Date of order: May 7, 2001

Jerry L. Romano

Vancouver, WA

Violation: Misrepresented information on insurance policy applications.

Penalty: License revoked, \$3,000 fine

Date of order: Jan. 10, 2001

Brian B. Smith

Terrebonne, OR

Violations: Misappropriated money received from an insurer. Failed to deposit insurance premiums into a premium trust account.

Penalty: License revoked

Date of order: April 9, 2001

Shari D. Stading

Grants Pass, OR

Violations: Misappropriated insurance premiums and failed to completely respond to an inquiry from the DCBS director.

Penalty: License revoked

Date of order: April 2, 2001

Andrew J. Stone

Oregon City, OR

Violation: Converted money received from an insurer on behalf of another agent.

Penalty: License revoked

Date of order: Feb. 8, 2001

Cecile G. Zimmerman

Cave Junction, OR

Violations: Illegally withheld money from an applicant relative to an insurance transaction. Failed to deposit premiums into a premium trust account.

Penalty: License revoked

Date of order: Feb. 22, 2001

The next issue of the *Oregon Insurance Regulator* will be published in October 2001.

Back issues of the newsletter are available on the Insurance Division's Web site: **www.oregoninsurance.org**, or by calling (503) 947-7213.

RULES AND BULLETINS

Administrative rules and bulletins recently adopted or amended by the Insurance Division are summarized below. Rules and bulletins are available on our Web site: www.oregoninsurance.org.

To request a printed copy of a rule or bulletin, please contact **Sue Munson**, administrative rules coordinator, by:

Phone: (503) 947-7272

Mail: Administrative Rules Coordinator
Oregon Insurance Division
350 Winter St. NE, Room 440
Salem, OR 97301-3883

E-mail: paulinesue.munson@state.or.us

Be sure to include the rule ID number or bulletin INS number with your request. There is no charge.

Administrative rules

ID 1-2001 — Annual Financial Statements: OAR 836-011-0000

Amends the rule to prescribe forms and instructions to be used by insurers and health care service contractors for 2000 annual financial statements and supplements. The amendments adopt by reference the annual statement blanks and instructions established by the National Association of Insurance Commissioners. *Adopted:* Feb. 1, 2001. *Effective:* Feb. 7, 2001.

ID 2-2001 (Temporary) — Auto Total Loss: OAR 836-080-0240

Amends the current rule governing valuation of automobiles to determine payment on a claim under a motor vehicle insurance policy when a vehicle suffers a total loss. Amendments to the rule delete the provision for the DCBS

director's approval of computerized database sources used for producing market values and specify the types of vehicles insurers may use for comparison. *Adopted:* March 12, 2001. *Effective:* March 15, 2001.

ID 3-2001 — Life and Annuity Certification Statements: OAR 836-010-0011

Amends certification statements relating to life insurance and annuities in the exhibit to OAR 836-010-0011. Certification statements are amended to add needed references to rules adopted since the certification statements were adopted in 1994, to otherwise update and clarify the exhibits and to combine the filing form and the certification statement for each affected type of coverage. *Adopted:* March 12, 2001. *Effective:* May 1, 2001.

ID 4-2001 — Loan Obligation to Property: OAR 836-054-0300

Increases the permissible percentage of a loan obligation to the value of the property securing the loan for which a mortgage insurer may provide insurance with regard to a first lien, to 105 percent of loan to value. *Adopted:* March 22, 2001. *Effective:* April 3, 2001.

ID 5-2001 — Life Insurance and Annuity Replacement: OAR 836-080-0014, etc.

Amends the current regulatory scheme governing replacement of life insurance and annuities. The rulemaking follows the model regulation adopted by the Na-

tional Association of Insurance Commissioners (NAIC).

Adopted: April 3, 2001. *Effective:* Nov. 1, 2001.

ID 6-2001 — Medicare Supplement Insurance: OAR 836-052-0119

Amends rules governing Medicare supplement insurance to conform to changes in federal law and in the National Association of Insurance Commissioners' model regulation to implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act. *Adopted:* May 17, 2001. *Effective:* May 22, 2001.

ID 7-2001 (Temporary) — Payment of Premiums on Portability and Individual Health Benefit Plans: OAR 836-053-0465, - 0800

Requires insurers offering portability and individual health benefit plans to offer insureds the opportunity to pay premiums on a monthly basis, in addition to any other mode of payment offered by the insurer. *Adopted:* May 29, 2001. *Effective:* May 31, 2001.

Bulletins

INS 2001-1 — March 1, 2001

Clarifies the intent of OAR 836-080-024 governing standards for the prompt and fair settlement of automobile total losses.

INS 2001-2 — April 4, 2001

Affirms the Department of Consumer and Business Services' continuing reliance on manuals and other publications published by the National Association of Insurance Commissioners (NAIC).

Initiatives make rates and forms filing process more efficient

Insurers will see major improvements in the rates and forms filing process as Oregon implements four speed-to-market initiatives.

Carl Lundberg, manager of the Rates & Forms Section, said the complementary initiatives are designed to improve efficiency while protecting the insurance-buying public.

The four initiatives:

- **SERFF**

Oregon is now a member of the System for Electronic Rate and Form Filings (SERFF). By June 30, participating insurers will be able to use SERFF to make electronic rate and form filings for all life and health products, as well as most property and casualty products.

- **Checklists**

Comprehensive checklists that spell

out Oregon's filing requirements are scheduled for completion by the end of June. Checklists will be available on SERFF and on the Insurance Division's Web site: www.oregoninsurance.org.

There are two types of checklists:

- A transmittal checklist, which identifies items insurers must submit with each filing.

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Initiatives

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• A review standards checklist, which identifies regulatory requirements for each product and rate filing, such as state laws, administrative rules and bulletins.

Insurers not using SERFF can download checklists from the division's Web site and submit filings by mail, fax or e-mail. Lundberg's long-term goal is to make the checklists interactive.

"Rates & Forms staff have done a tremendous job developing these new checklists while maintaining their regular duties," Lundberg said.

• 30-day turnaround

"The checklists will allow us to implement a 30-day timeframe from date of filing to date of final disposition for new, complete filings," Lundberg said. "A complete filing is one that meets all of the checklist requirements. If it's not complete, we'll send it back to the insurer."

• CARFRA

Oregon is one of 10 states participating in the limited launch of the Coordinated Advertising, Rate and Form Review Authority (CARFRA), which provides a one-stop electronic filing and review process for products issued on a multi-state basis. CARFRA will initially focus on three products:

- Individual deferred fixed annuities
- Medicare supplement insurance
- Term life insurance

Insurers can find national review standards or requirements for a CARFRA product using SERFF, as well as applicable state deviations. Deviations indicate that a state has laws or rules that cannot be reconciled with the national standards.

Filings will be reviewed by five-member teams of employees from participating state insurance departments. By utilizing SERFF, team members will be able to efficiently review filings in their offices and prepare recommendations.

Review teams will recommend approval or disapproval of filings within 45 days. CARFRA states have agreed to accept the recommendations unless they are contravened by state law or administrative rule.

"Every state retains absolute regulatory authority," Lundberg said.

The Oregon Insurance Division nominated three rates and forms analysts to participate on the review teams:

- **Janice Hart**, annuities
 - **Darlene Rodea**, Medicare supplement insurance
 - **David Bolton**, term life insurance
- Two supervisors also were nominated:
- **Donna Bleiler**, assistant manager, life/property and casualty
 - **Maxi McKibben**, assistant manager, health

The *Oregon Insurance Regulator* is published in February, June and October by the Insurance Division of the Department of Consumer & Business Services (DCBS), 350 Winter St. NE, Room 440, Salem, OR 97301-3883.

Insurance Administrator

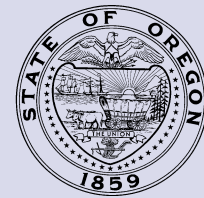
Joel Ario

DCBS Director

Mary Neidig

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John Piper



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www.oregoninsurance.org



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