

## Homeowner, mental health parity bills approved

### Oregon Legislature addresses a variety of insurance issues

Homeowner protections, mental health parity, and construction defects were among the insurance-related issues addressed by Oregon lawmakers during their 2005 session.

The Legislature passed SB 118, dubbed the “homeowner bill of rights,” establishing best practices for insurers. Also gaining approval was SB 1, which requires group health insurance policies to cover mental health and substance abuse at the same level as other medical conditions. In addition, lawmakers passed HB 2078, which created a task force to study causes of construction defects, consumer protection, and the availability and affordability of contractor liability insurance. The task force will report to the 2007 Legislature.

These bills and selected insurance-related legislation approved in 2005 are summarized below. Laws enacted in the 2005 session are identified by their bill numbers, and, if known, their 2005 Oregon Laws chapter number (ch 180, for example). SB indicates a Senate bill, while HB indicates a House bill. DCBS is the Oregon Department of Consumer & Business Services.

Unless otherwise specified, the effective date of a bill is Jan. 1, 2006. A bill may also have one or more operative dates that



apply to one or more sections of the bill, in addition to its effective date. An operative date is the date on which the affected section or sections first apply.

### HEALTH INSURANCE

#### SB 1 — Mental Health Parity (ch 705)

SB 1 requires group health insurance policies to cover treatment of chemical dependency and mental or nervous conditions at the same level as and subject to limitations no more restrictive than those imposed for treatment of other medical conditions. The bill applies to group health policies issued or renewed on or after Jan. 1, 2007.

#### SB 20 — Eye Services; Access to Optometrists (ch 442)

SB 20 prohibits an insurer from limiting eye-care coverage to services provided by a physician when the services could also be provided by an optometrist.

#### SB 117 — Oregon Medical Insurance Pool; Eligibility (ch 634)

SB 117 creates an additional category of eligibility and gives the Oregon Medical Insurance Pool Board authority to create benefit plans that meet requirements of the federal Health Coverage Tax Credit, which was established to protect workers who become unemployed due to competition from foreign trade or the shift of production to other countries.

#### SB 122 — Oregon Medical Insurance Pool, Insurer Assessments (ch 304)

SB 122 authorizes the OMIP Board to develop a program for adjusting the assessment of an insurer based on the insurer's contribution to reducing enrollment in the pool.

### Marsh USA fined \$75,000 for overcharging public entities

The Department of Consumer and Business Services has fined insurance broker Marsh USA, Inc. \$75,000 for overcharging 22 public entities in Oregon and for failing to retain insurance records.

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But an investigation by the DCBS Insurance Division found that additional public sector clients had been overbilled more than \$260,000.

Marsh's overbilling occurred from 1999 to 2004 and involved accounts in which the company contracted to

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## Producer Licensing

### Renew early to avoid problems with your company

By Margarita Nuñez

Many producers are being required by their insurance companies to provide proof of license renewal to receive commissions or even to conduct business. If you need proof of renewal before your license expires, we must receive your renewal application at least two weeks before your expiration date.

Approximately 2,000 licenses are renewed each month, hundreds of which are received in the last two weeks of every month. Because of this volume, we process renewals according to the date we receive them, with priority given to licenses expiring that month.

#### Duplicate renewals equal duplicate fees

If you are using a credit card to pay your fees, please do not fax and then mail in your renewal. Duplicate renewals are causing duplicate fees to be charged to credit cards. This not only slows down the processing of renewals but we are unable to credit the amount back to the credit card and must have a refund check issued.

#### Changing your address is easy

Moving? Don't forget to let us know. Incorrect addresses are the number one reason why renewal notices aren't received by licensees. You may simply send your address change, including the new phone number, by e-mail to [web.insagent@state.or.us](mailto:web.insagent@state.or.us). If you need a duplicate renewal or a new license, you may request those at that time.

#### Please don't send extra copies of same affiliation

We are receiving an increasing number of multiple copies of the same affiliation, which results in duplicate affiliations showing on agency records. Please do not send both a fax and hard copy unless you need to send us a hard copy for us to provide confirmation of the affiliation.

#### Watch deadline when moving out of state

There is a steady stream of producers who are moving out of state, the majority to Washington. If you are contemplating a move, you have 30 days to convert your Oregon resident license to a nonresident license. This means that you must obtain a resident license in your new home state within 30 days and submit an address change to us to convert your Oregon license to a nonresident license. If you cannot get the new resident license in 30 days, you will be required to apply for a nonresident license in Oregon and pay the \$75 application fee.

#### Thanks for your patience!

The Producer Licensing Unit has had numerous staffing changes recently. We have hired two temporary workers and have reassigned the duties of various staff members to cover the most pressing needs. We ask for your patience as staff becomes more familiar with their new tasks.

*Margarita Nuñez is manager of the Producer Licensing Unit.*

### Continuing ed is offered for health insurance producers

The Insurance Pool Governing Board offers four hours of free continuing education to health insurance producers who received licenses in the last 12 months. Producers who complete new producer training receive two hours of law credit and two hours of health credit.

The course covers state programs that help insure Oregonians, two "first time" health insurance plans for small businesses, Oregon's Small Employer Health Insurance rules and the Oregon Medical Insurance Pool (OMIP). Classes are scheduled monthly in Salem and twice a year in Bend, Pendleton and Medford.

For the 2006 schedule and registration information, visit IPGB's Web site: [www.egov.oregon.gov/IPGB/index.shtml](http://www.egov.oregon.gov/IPGB/index.shtml). Click on *Producer trainings*. Or, call (503) 373-1656, ext. 22007.

### DCBS reviewing med mal insurers' merger plan

The Oregon Department of Consumer and Business Services (DCBS) is reviewing a proposal to merge Northwest Physicians Mutual Insurance Co. (NPM) into a subsidiary of The Doctors Co., a physician-owned California insurer.

A public hearing on the proposal was held Nov.

17 in Salem and D C B S Director **Cory Streisinger** expects to issue an order in early December.

The Doctors Co. will acquire control over Northwest Physicians Mutual through the merger of NPM and a to-be-formed Oregon stock insurance company,

Northwest Physicians Insurance Co.

Northwest Physicians Mutual insures about 24 percent – 2,006 doctors in 2004 – of the active licensed physicians in Oregon, making it one of the two largest medical malpractice insurers in the state. The Doctors Co. has a much smaller presence in Oregon – it insures about 4 percent of active licensed physicians in this state – but it is licensed in every state except New York.

#### PacifiCare acquisition OKed

DCBS Director **Cory Streisinger** on Nov. 16 approved a plan by UnitedHealth Group, Inc., to acquire PacifiCare of Oregon. UnitedHealth Group, a Minnesota corporation, is the nation's second-largest health insurer. PacifiCare of Oregon is part of PacifiCare Health Systems, a California consumer health organization.

Visit our Web site — [insurance.oregon.gov](http://insurance.oregon.gov) — for more information about acquisition and mergers. Click on *Company Information*, then *Acquisitions/mergers - Form A filings*.

## Insurance Administrator's Column

# Division has ambitious agenda for 2005-2007

Now that the 2005 legislation session is history, the Insurance Division has started work on implementing its 2005-2007 action plan. The plan is ambitious and sets the bar high. But the issues included in the plan are critical to our mission: protecting the insurance-buying public while supporting a positive business climate.

I'm sharing our plan so you'll know our priorities for the next two years.



### Affordability and availability of health insurance

- Look for ways to address the high rate of medical inflation and the effect it has on the availability and affordability of health insurance. Work with insurers, hospitals, and other providers to make information on the cost and quality of health care more readily available to the public.
- Evaluate prior health insurance reforms and determine whether further reforms could help ensure that the markets are competitive, fair, affordable, and accessible.
- Implement mental health parity requirements for health insurance, as created by SB 1.

### Consumer protection and customer service

- Implement homeowner insurance consumer protections created by SB 118.
- Determine whether "total loss" and vehicle valuation practices in auto insurance are fair to consumers.

- Improve consumer and industry access to Insurance Division services through use of technology; expand electronic licensing and rate and form filing, use checklists for product standards, and process complaints and filings promptly.
- Work with the Department of Human Services to find options that will make long-term care insurance a more viable alternative to dependence on the state for nursing home care.
- Analyze whether new standards are needed for variable and equity-indexed annuities and in viatical and life settlements to ensure fair treatment of consumers.
- Work with the Building Codes Division to provide staff support and expertise to assist the Construction Claims Task Force, created by HB 2078.

### Good news: Auto, homeowner rates declining!

While health insurance rates continue to rise, the picture looks much brighter for property and casualty insurance. As the tables on Page 5 of the *Regulator* show, average rates for our top 10 auto and homeowner insurers are decreasing. Even with Katrina and the other recent hurricanes, the P & C industry is financially healthy and we appear to be past the hard market troubles earlier in this decade.



Joel Ario  
Insurance Administrator

## KEY CONTACTS Oregon Insurance Division

### Administration

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- **Administrative Services** ....(503) 947-7222  
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- **Consumer Advocacy** ..... (503) 947-7984  
 Manager ..... vacant
- **Producer Licensing** .....(503) 947-7981  
 Manager ..... Margarita Nuñez

• **Market Surveillance** .....(503) 947-7219  
 Manager ..... Cindy Jones

• **Rates & Forms**  
 Information .....(503) 947-7983  
 Manager ..... Gayle Woods

**Financial Regulation**  
 Information .....(503) 947-7982  
 Manager .....Russell Latham  
 Asst. Manager ..... Annette Boyce

**Employment opportunities**  
 Shelley Greiner .....(503) 947-7222

### 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  
 (866) 275-7922

Senior Health Insurance  
 Benefits Assistance (SHIBA)  
 (800) 722-4134  
 (503) 378-2014

Workers' Compensation Division  
 General information  
 (503) 947-7810

Department of Consumer &  
 Business Services Web site  
[www.oregon.gov/DCBS](http://www.oregon.gov/DCBS)

Oregon Government  
 Directory Assistance  
 (503) 378-6500

Oregon Government Web site  
[www.oregon.gov](http://www.oregon.gov)

## Administrative Rules & Bulletins

Administrative rules recently adopted or amended by the Insurance Division are summarized below. Rules are available on our Web site, [insurance.oregon.gov](http://insurance.oregon.gov). To request a free printed copy of a rule, please contact Sue Munson, administrative rules coordinator, (503) 947-7272.

Interested parties can subscribe to the division's electronic notification service for rulemaking notices, bulletins and other information. To subscribe, please visit our Web site and click on *E-Notify*.

### ADMINISTRATIVE RULES

#### **ID 11-2005 (Temporary) — Credit Scoring: OAR 836-080-0430 and 836-080-0438**

Corrects an error in a recently amended rule and also corrects and updates an obsolete statutory reference in a related rule.

*Adopted:* Sept. 6, 2005

*Effective:* Sept. 15, 2005, through March 10, 2006

#### **ID 12-2005 (Temporary) Long-Term Care Insurance: OAR 836-052-0676 and 836-052-0696**

Corrects two problems with the amended rules adopted earlier this year: The effective date of the rule relating to premium rate schedule increases is delayed, and the rule governing review of advertising is amended to provide for review only upon request of the Insurance Division.

*Adopted:* Sept. 28, 2005

*Effective:* Oct. 3, 2005 through March 20, 2006

### BULLETINS

#### **INS 2005-1 — Aug. 31, 2005**

Provides guidance to help insurers comply with ORS 743.866 and 743.868 (prompt payment of health insurance claims).

#### **INS 2005-2 — Sept. 2, 2005**

Summarizes legislation affecting insurance passed by the 2005 Oregon Legislature.

## Company news on the Web

The following information about insurers is available on our Web site: [insurance.oregon.gov](http://insurance.oregon.gov). Click on *Company Information*.

### COMPANY CHANGES

Recent new company authorizations, inactive companies, redomestications, name changes, and address changes.

### SUSPENSIONS

#### **AF&L Insurance Co.**

Warrington, PA

Date of order: April 25, 2005

#### **The Insurance Corporation of NY**

Jericho, NY

Date of order: July 5, 2005

### FINANCIAL EXAMS

#### **Advantage Dental Plan, Inc.**

As of 12/31/04 • Published 10/20/05

#### **Farmers Insurance Company of OR**

As of 12/31/03 • Published 6/29/05

#### **Great-West Healthcare of Oregon, Inc.**

As of 12/31/03 • Published 6/27/05

#### **Marion Polk Community Health Plan Advantage, Inc.**

As of 7/20/05 • Published 8/18/05

#### **Oregon Independent Colleges Employee Benefit Trust**

As of 12/31/04 • Published 9/26/05

#### **Oregon Mutual Insurance Co.**

As of 12/31/04 • Published 8/8/05

#### **Title Insurance Company of Oregon, dba First American Title Insurance Company of Oregon**

As of 12/31/04 • 9/12/05

#### **Western Protectors Insurance Co.**

As of 12/31/04 • Published 8/8/05

### MARKET CONDUCT EXAMS

#### **ODS Health Plan, Inc.**

As of 9/30/04 • Published 7/28/05

#### **Central Oregon Independent Health Services, Inc., dba Clear Choice HealthPlans**

As of 12/31/02 • Published 11/4/05

## Personnel

### Miller manages consumer services, market regulation



**Jan Miller**

**Jan Miller** joined the Insurance Division Oct. 3 to manage the Consumer Services and Market Regulation Section while **Nancy Boysen** is on assignment as deputy administra-

tor of the Division of Finance and Corporate Securities (DFCS). Miller most recently supervised the Communications and Training Section in the Workers' Compensation Division (WCD).

The job rotation is expected to last from six months to one year.

Insurance, DFCS and WCD are part of the Oregon Department of Consumer and Business Services.

### Promotion

- **Larry Culbertson**, to health insurance analyst, Rates and Forms Unit. He had been manager of the Consumer Advocacy Unit.

### New employee

- **Robert Hicks**, investigator, Market Surveillance Unit.

### Oregon joins multistate settlement with Marsh

Oregon has joined other insurance regulators in a multistate settlement with the nation's largest broker, Marsh & McLennan Cos., Inc. The settlement allows insurance regulators to enforce terms of Marsh's January 2005 agreement with New York Attorney General Eliot Spitzer and New York Insurance Superintendent Howard Mills to resolve allegations of fraud and anti-competitive practices.

Marsh agreed to make \$850 million in restitution to its clients nationwide, to disclose all forms of compensation to its clients, and to make other reforms.

The participating regulators will receive ongoing compliance reports from Marsh under terms of the deal.

Visit our Web site, [insurance.oregon.gov](http://insurance.oregon.gov), for more information.

## Recent rate activity for top 10 automobile insurers in Oregon

Domicile, direct premium written as of December 2004,<sup>1</sup> market share, recent rate changes, effective dates

Company	Dom	Oregon premium	Market share	Rate change <sup>2</sup>	New business	Renewal
1 State Farm Mutual Auto Ins Co	IL	345,005,529	18.3%	-4.3%	08/15/05 <sup>3</sup>	09/15/05 <sup>3</sup>
2 Farmers Ins Co of OR	OR	252,740,171	13.4%	1.0%	05/01/05	05/01/05
3 Safeco Ins Co of OR	OR	148,110,554	7.9%	-2.6%	08/12/04	09/16/04
4 Allstate Ins Co	IL	113,376,928	6.0%	0.0%	NA <sup>4</sup>	NA
5 Progressive Northern Ins Co	WI	75,857,044	4.0%	0.0%	NA	NA
6 American Family Mutual Ins Co	WI	66,939,322	3.5%	3.0%	06/11/05	06/11/05
7 Progressive Halcyon Ins Co	OH	61,587,593	3.3%	-1.5%	10/20/04	10/20/04
8 Mid-Century Ins Co	CA	56,442,608	3.0%	-0.9%	05/01/05	05/01/05
9 Country Mutual Ins Co	IL	41,611,793	2.2%	0.3%	10/15/05	10/15/05
10 Nationwide Mutual Ins Co	OH	40,073,778	2.1%	1.3%	NA <sup>7</sup>	09/12/05
<b>TOP 10</b>		<b>1,201,745,320</b>	<b>63.7%</b>	<b>-1.2%</b>		
<b>TOTAL 288 companies</b>		<b>1,885,621,212</b>				

## Recent rate activity for top 10 homeowner insurers in Oregon

Domicile, direct premium written as of December 2004,<sup>5</sup> market share, recent rate changes, effective dates

Company	Dom	Oregon premium	Market share	Rate change <sup>2</sup>	New business	Renewal
1 State Farm Fire and Cas Co	IL	135,495,738	27.1%	-5.4%	04/15/05 <sup>6</sup>	06/01/05 <sup>6</sup>
2 Farmers Ins Co of OR	OR	66,767,805	13.3%	0.0%	NA	NA
3 Safeco Ins Co of OR	OR	36,027,261	7.2%	-0.9%	08/01/05	09/27/05
4 Allstate Ins Co	IL	31,939,280	6.4%	0.0%	NA <sup>4</sup>	NA
5 American Family Mutual Ins Co	WI	20,313,897	4.1%	4.7%	02/01/05	02/01/05
6 Allstate Indemnity Co	IL	18,560,358	3.7%	0.0%	NA	NA
7 Country Mutual Ins Co	IL	16,818,851	3.4%	-5.1%	10/15/05	10/15/05
8 Foremost Signature Ins Co	MI	16,358,736	3.3%	0.0%	NA	NA
9 Mutual of Enumclaw Ins Co	WA	12,656,361	2.5%	-10.1%	07/06/05	07/06/05
10 United Services Auto Assoc	TX	10,609,416	2.1%	-1.6%	12/01/04	12/01/04
<b>TOP 10</b>		<b>365,547,703</b>	<b>73.0%</b>	<b>-2.5%</b>		
<b>TOTAL 123 companies</b>		<b>500,754,007</b>				

NA Insurer has not filed a rate change in the last 12 months.

1 Includes motorcycles, light trucks, recreational vehicles, and motor homes. Rate activity is for personal auto.

2 Indicates overall rate change. Individual policyholders may experience rate changes higher or lower than the average.

3 Insurer has filed for two decreases in the last 12 months. The previous decrease was for -3.2%, effective 1/15/05.

4 New business is written only in Allstate Indemnity and Allstate Property & Casualty, not Allstate Insurance.

5 Includes renters, condos, manufactured homes, and coverages such as boats, golf carts, and jewelry. Rate activity applies to homeowner coverages only.

6 Insurer has filed for two decreases in the last 12 months. The previous decrease was for -5%, effective 12/15/04.

7 Insurer has filed a revised credit model for new business; this change applies only to renewal business

## Enforcement Actions

Recent enforcement actions are summarized below. All administrative orders are available on the Insurance Division's Web site, [insurance.oregon.gov](http://insurance.oregon.gov). Click on *Administrative Orders*.

### INSURERS

#### **American General Assurance Co.**

Schaumburg, IL

*Violation:* Terminated agents without sufficient notice.

*Penalty:* \$1,800 fine

*Date of order:* Aug. 9, 2005

#### **FamilyCare Health Plans, Inc.**

Portland, OR

*Violation:* Failed to timely file Form B for 2003 and 2004.

*Penalty:* \$1,000 fine

*Date of order:* Aug. 29, 2005

#### **Farmers Insurance Company of OR**

Tigard, OR

*Violation:* Failed to timely reply to claim communications.

*Penalty:* \$11,000 fine

*Date of order:* Aug. 10, 2005

#### **Oberlin College**

Oberlin, OH

*Violation:* Issued charitable gift annuities in Oregon without a license.

*Penalty:* \$1,000 fine

*Date of order:* July 19, 2005

#### **Progressive Classic Insurance Co.**

Mayfield Village, OH

*Violations:* Failed to acknowledge and act promptly on claim communications. Failed to timely respond to an inquiry from the DCBS director.

*Penalty:* \$8,000 fine

*Date of order:* Oct. 12, 2005

#### **Regence BlueCross BlueShield of Oregon**

Portland, OR

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

*Penalty:* \$2,000 fine

*Date of order:* Aug. 29, 2005

#### **The Heritage Foundation**

Washington, D.C.

*Violation:* Issued charitable gift annuities in Oregon without a license.

*Penalty:* \$115 fine

*Date of order:* Aug. 30, 2005

### RESIDENT PRODUCERS

#### **Bailey & DeBernardi Insurance, Inc.**

Roseburg, OR

*Violations:* Improperly withheld and misappropriated premiums. Commingled other funds in a trust account. Failed to timely deposit premiums in a trust account. Failed to timely provide information to the Insurance Division.

*Penalty:* License revoked

*Date of order:* Aug. 24, 2005

#### **Ellen A. Guldenzopf**

Milwaukie, OR

*Violation:* Withheld premiums from an insurer.

*Penalty:* License revoked. In lieu of a fine, Guldenzopf agreed never to work in the insurance business in Oregon.

*Date of order:* Sept. 7, 2005

#### **C. Harry Kirkman III, and Pacific Coast Insurance, Inc.**

Tualatin and Portland, OR

*Violations:* Kirkman demonstrated incompetence in the conduct of business. Pacific Coast Insurance failed to report Kirkman's violations and did not take corrective action until contacted by the Insurance Division.

*Penalty:* Licenses revoked

*Date of order:* Aug. 9, 2005

#### **Warren L. Marcotti, Jr.**

Winston, OR

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

*Penalty:* License revoked

*Date of order:* Oct. 3, 2005

#### **Marsh & McLennan Companies, Inc., and Marsh, Inc.**

New York, NY

*Violation:* Oregon and other state insurance regulators entered into a multistate regulatory settlement with Marsh to ensure that it implements terms of its agreement with the New York Attorney General and New York Insurance Superintendent to resolve allegations of bid-rigging and steering clients to favored insurance companies. Washington was the lead state for the multistate regulatory settlement.

*Penalty:* Marsh agreed to make \$850 million in restitution to its clients nationwide and to implement business reforms.

*Date of order:* Nov. 17, 2005

#### **Marsh USA, Inc.**

Portland, OR

*Violations:* Overcharged 22 public entities for insurance. Failed to maintain insurance records. (See story, Page 1.)

*Penalty:* \$75,000 fine

*Date of order:* Nov. 16, 2005

#### **Gregory A. Moore**

Portland, OR

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

*Penalty:* License revoked

*Date of order:* Oct. 3, 2005

#### **Waddell & Reed, Inc. and W & R Insurance Agency, Inc.**

Overland Park and Shawnee Mission, KS

*Violation:* Coordinated investigations by the National Association of Securities Dealers, Inc. (NASD), and several state securities and insurance regulators found violations of NASD rules and state laws governing annuity exchanges.

*Penalty:* Waddell & Reed and W & R Insurance Agency did not admit or deny any violations, but agreed to take certain corrective actions, pay restitution to customers, and pay a fine of \$5 million to NASD and \$2 million to the participating states. Oregon received \$78,140 of the fine.

*Date of order:* Aug. 9, 2005

#### **Gary A. Wyche and Oregon Country Associates, Inc.**

Clackamas, OR

*Violations:* Wyche used a fraudulent, coercive or dishonest practice in the conduct of business; failed to deposit premiums in a trust account; and made a false statement to the DCBS director. Oregon Country Associates failed to report Wyche's violations or take corrective action.

*Penalty:* Licenses revoked

*Date of order:* Sept. 19, 2005

Visit our Web site: [insurance.oregon.gov](http://insurance.oregon.gov)

## Legislature

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### **SB 303 — Office of Private Health Partnerships; Abolition Of Insurance Pool Governing Board (ch 744)**

SB 303 creates the Office of Private Health Partnerships (OPHP), abolishes the Insurance Pool Governing Board (IPGB) and transfers IPGB's duties and functions to OPHP. Effective: Aug. 17, 2005, but most of the bill actually becomes operative Jan. 1, 2006.

### **SB 462 — Health Care Service Contractors; Standards for Investments in Subsidiaries (ch 255)**

SB 462 applies to health care service contractors the same standard for investment in subsidiaries that now applies to insurance companies.

### **SB 501 — Annual Health Insurance Reporting; Mandated Coverage of Colorectal Exams (ch 765)**

SB 501 requires each health insurer to submit to DCBS an annual report containing membership numbers, premium amounts, cost claims, medical loss ratios, and financial information. DCBS must make the reports available on the Web

SB 501 also requires health policies to cover colorectal cancer screening exams and laboratory tests. Effective: Aug. 23, 2005. The reporting requirement goes into effect immediately but the mandated coverage applies to policies issued or renewed on or after Jan. 1, 2006.

### **SB 1026 — Mandated Coverage for Prostate Exams (ch 477)**

SB 1026 requires health policies to cover prostate cancer screening exams for men 50 years or older and for younger men at high risk.

### **HB 2497 — Mandated Coverage for Women's Health Care (ch 69)**

HB 2498 requires health policies to cover clinical breast exams annually for women 18 years or older; and at any time when recommended by a woman's health-care provider.

### **HB 2772 — Guaranteed Associations; Group Health (ch 571)**

HB 2772 authorizes a health insurer to offer a group policy to a "guaranteed

association" if the policy covers 500 or more members or their dependents.

## P & C INSURANCE

### **SB 118 — Best practices for Homeowner Insurance (ch 489)**

SB 118 establishes best practices for insurers transacting homeowner insurance. The bill restricts an insurer's use of claim experience and consumer inquiries about coverage for underwriting and rating. The bill also limits the use of claims experience of insured property prior to purchase when the consumer shows that the risk leading to the claims has been

This summary is not intended to be a complete and detailed statement of all insurance legislation. Visit our Web site ([insurance.oregon.gov](http://insurance.oregon.gov)) for more information. Click on *Oregon Legislature*.

mitigated. The bill prohibits an insurer from canceling a policy except for specified reasons

and restricts the use of loss history reports. Finally, when an adverse underwriting decision relating to homeowner insurance is based on a loss history report, the bill requires an insurer or producer to give the consumer the specific reasons for the decision.

### **SB 151 — PIP; Benefit Increases (ch 341)**

SB 151 increases personal injury protection (PIP) benefits required in motor vehicle liability policies. The bill also establishes an alternative measure for payment of hospital services.

### **SB 207 — Electronic Transactions (ch 106)**

SB 207 restricts the use of an electronic cancellation or termination notice for property and casualty insurance.

### **SB 573 — Credit Scoring; Change in Family Status (ch 464)**

SB 573 prohibits an insurer from rating the policy or consumer when the consumer's marital status changes because of death or divorce.

### **SB 585 — Vehicle Insurance; PIP Benefits; Managed Care (ch 465)**

SB 585 prohibits insurers from entering into or renewing any contract that provides managed care services to beneficiaries under the personal injury pro-

tection (PIP) benefits included in a motor vehicle liability insurance policy.

### **SB 924 — Uninsured Motorist Coverage, Stolen Vehicle (ch 246)**

SB 924 provides that when an insured's own car is stolen and the insured is injured by that car, the insured's injuries will be covered by the uninsured motorist coverage of the insured's policy.

### **SB 925 — Uninsured Motorist Coverage (ch 236)**

SB 925 clarifies statutory law governing the priority of uninsured motorist coverages under motor vehicle liability insurance policies.

### **HB 2719 — Commercial Liability Insurance; Notices (ch 102)**

HB 2719 increases from 30 days to 45 days the notice that a commercial liability insurer must give a policyholder before the effective date of a nonrenewal or a renewal on less favorable terms or with higher rates.

## LIFE INSURANCE

### **HB 2092 — Charitable Annuities; Conditioned Exemption From Insurance Code (ch 31)**

HB 2092 provides a conditional exemption from the Insurance Code for specified categories of educational institutions and nonprofit corporations issuing charitable gift annuities.

## OTHER

### **SB 837 — Self-insurance by Public Bodies (ch 175)**

SB 837 authorizes a local public body to establish a self-insurance program against its tort liability or property damage, and authorizes two or more local bodies to establish a joint self-insurance program.

### **HB 2078 — Task Force on Construction Claims (ch 647)**

HB 2078 creates a task force to study construction claims and industry practices, causes of construction defects, consumer protection and the availability and affordability of liability insurance for contractors. Effective: July 27, 2005.

### **HB 3091 — Title Insurance (ch 395)**

HB 3091 authorizes certain financial institutions to acquire and hold stock in corporations licensed to transact title insurance as insurance producers.

## Marsh

### Continued from Page 1

provide insurance brokerage services for an agreed-upon fee. In the 22 cases, Marsh also collected commissions in violation of its contracts with the public entities. The commissions were not readily apparent because they were included in premium charges on Marsh's billing statements.

Following an internal audit in 2004, Marsh told the Insurance Division that it found commission revenues from seven public entities had been improperly retained. Marsh paid or credited the money in November 2004, then notified the division of its remedial actions.

Although Marsh said the overbilling was limited to the seven entities, the Insurance Division required the company to examine additional public and private sector fee-based accounts and document that they had been handled properly.

As a result, Marsh reported to the Insurance Division this year that 15 additional Oregon public entities had

been overcharged. The company has since returned or credited the money. No discrepancies were found in the private sector accounts.

Marsh said it has instituted reforms to ensure insurance contracts are properly documented and followed, and to ensure full disclosure of all compensation.

Marsh also notified the Insurance Division in 2004 that it had terminated Robert Lilly, a senior vice president at the company, and said that he was responsible for the overbilled accounts identified at that time. The division has proposed to revoke Lilly's producer license and a hearing has been set for March 2006.

Marsh notified the Insurance Division in November 2005 that it had terminated for cause two additional vice presidents, Debora Leopold Hutchins and Patsy G. Hanson, in connection with the recently discovered violations. The division is investigating their conduct.

In a stipulated settlement with DCBS, Marsh agreed to the fine but said it neither admitted nor denied liability for the acts of the fired employees, and it explicitly denied involvement in their actions.

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