

Administrator's message



Teresa Miller

I recently moderated a panel discussion of Oregon's plans for a health insurance exchange and I thought I'd share an observation based on the comments made by this diverse group representing consumers, small businesses and the insurance industry.

Although there were differences of opinion about some issues, all participants expressed interest in the basic goal of an exchange: providing an organized and easier way for consumers and small businesses to shop and enroll in health insurance. Whether an exchange can also reduce costs and improve quality seemed to be the more interesting and difficult question.

Panel members described several challenges facing the state as we build an exchange. These include the capacity of primary care providers to deal with the growth in people with health insurance; creating an exchange that attracts small business and consumer interest; and developing risk adjustment and reinsurance strategies that ensure no one plan or any single insurer bears a disproportionate share of high-risk individuals.

Rocky King, executive director of the exchange discussed the timeline for implementing Oregon's exchange. Here are highlights:

- » **By February 2012:** The exchange must present a business plan to the Legislature.
- » **By January 2013:** Oregon must receive a certification from the U.S. Department of Health and Human Services that our exchange will be functional by January 2014.
- » **By early spring 2013:** Oregon tests information technology (IT) systems for functionality. By June 2013, the systems need to be fully operational to accommodate open enrollment.
- » **October 2013:** Open enrollment begins.
- » **January 2014:** Coverage starts.

On several other topics:

Health rate review: September was a busy month for health insurance rate review. The U.S. Department of Health and Human Services awarded Oregon \$4 million to continue to improve rate review over the next three years, through September 2014.

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Administrator's message, continued

The funds will allow us to continue in-depth reviews of rate requests within our required timeframes while incorporating public hearings into most rate requests affecting small employers and individuals who don't get coverage through an employer and buy a health plan on their own. We expect this will be more than 20 public hearings a year.

ODS recently volunteered to test-pilot the hearings with its request for a 9.94 percent increase in individual health plan rates, effective Nov. 1. The hearing in Salem took a little more than an hour. The company explained its proposal, we asked questions, and OSPIRG offered testimony. No citizens testified.

Afterwards, we met internally and with stakeholders, including ODS and OSPIRG, and all agreed the format seemed to work well. We since approved an 8.94 percent rate increase for ODS.

By the way, part of our grant funds will be used to equip a room to broadcast the hearings. Another \$300,000 a year will be used to expand funding for the advocacy group that will represent consumers

at the hearings. As you know, OSPIRG took on that role this past year, the first year we received federal grants for rate review.

With the expanded role the consumer group will play in attending more public hearings, we are now seeking **Requests for Proposals** to continue this function. You can find more information and make a proposal on the Oregon Procurement Information Network (ORPIN). Proposals are due by 3 p.m. Nov. 1 and the new contract period for the advocacy group begins Dec. 1 and continues through Sept. 30, 2014.

Hearings will be part of the process for insurance companies filing rate requests starting this month. You can see if any hearings are scheduled by visiting www.oregonhealthrates.org and clicking on the "public hearings" button.

Insurance Division positions funded by this round of grants include an actuary, a health insurance rate liaison to better answer consumer questions about rate filings, an administrative assistant, and a health reform/exchange coordinator. ●

Producer licensing

By Jim Thompson, producer licensing manager



Jim Thompson

Important e-mail on its way to you

As you are probably aware, we are quickly moving to an e-mail-only method of communication. As a result, we will be validating all e-mail addresses that we currently have. You will receive an e-mail in the near future asking you to click a link to validate the e-mail address.

Opening the e-mail will not be enough.

If you do not validate your e-mail address, it will be removed from our system and you will not receive valuable information from us. Even if you have recently supplied us with your e-mail address, you MUST validate this address when you receive this e-mail. This is being done to ensure that every e-mail address in our database is valid. We are proposing to cease all non-e-mail correspondence in July 2012, so this is imperative.

Division staff members have been meeting with representatives from the NAIC's State Based Systems (SBS) to discuss the implementation of this program. SBS is an operating system that we will use to process license application transactions. This should help to further streamline our processes and will provide our licensed population with greater access to their information. We anticipate going live with SBS in May 2012. Please visit the SBS website at <http://www.statebasedsystems.com> and take a look around. Stay tuned for further details.

There have been a few staffing changes in the licensing unit since the] ! ^ ç ã ~ • issue. Debra Keith @e joined our team as a licensing technician. Ethan Baldwin is now processing insurance agency license applications. Denise Ricketts has recently returned to the Insurance Division and will be processing nonresident individual applications. ●

Property and casualty insurance

By Cece Newell, property and casualty technician

Excluding drivers in motor vehicle liability insurance policies

It has come to Oregon Insurance Division's attention that there is some confusion about how to interpret the state laws and rules that permit drivers to be excluded from a motor vehicle liability insurance policy. See Oregon Revised Statute (ORS) 742.450(7) (a) (b) and the implementing Oregon Administrative Rule (OAR) 836-058-0010.

The division recently clarified its position in response to a question and we want to share the information with property and casualty insurers and producers.

The statute allows a person other than the named insured to be excluded from coverage under a motor vehicle liability insurance policy based on (a) driving record, and (b) the criteria outlined in the rule.

Insurers are not required to offer the option of driver exclusions. If the option is offered, the insurer is required to file with the Insurance Division the forms for approval and the related rates or rules for review.

Driver exclusions must comply with the requirements in ORS 742.450(6). The insurer must obtain a statement or endorsement signed by each of the named insureds that the policy will not provide the Oregon Vehicle Code coverage required by ORS 806.070, ORS 806.080, which addresses required policy limits, or ORS 806.270, which addresses the certificate of insurance required for future responsibility filings (i.e., SR22).

If you have questions about this clarification, contact Cece Newell, property and casualty technician, at 503-947-7203 or cece.newell@state.or.us. ●

FHIAP/Healthy Kids

The Family Health Insurance Assistance Program (fhiap.oregon.gov) is accepting applications for kids ages 0 through 18. The Healthy Kids program (oregonhealthykids.gov) is always available for kids at any income level. ●

Medicare/SHIBA updates



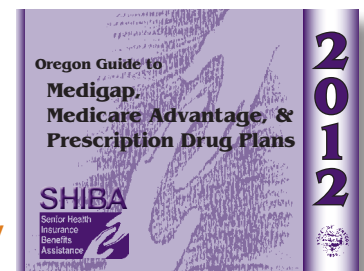
Open enrollment for Medicare began Oct. 15 and continues through Dec. 7 this year. The U.S. Department of Health and Human Services (HHS) reported recently that average premiums for a Part D prescription drug plan will be the same in 2012 as 2011. The average premium for Part C plans is going down by 4 percent.

More Medicare open enrollment information is at <http://www.cms.gov/center/openenrollment.asp>.

In Oregon in 2012, according to HHS:

- » 80 percent of people with Medicare have access to a Medicare Advantage plan that doesn't charge a premium
- » 30 Medicare Prescription Drug Plans (PDPs) are available
- » 85 percent of people with Part D have access to a plan with a lower premium than what they paid in 2011
- » 27 percent of people with Medicare Part D get Extra Help (also called the low-income subsidy, or LIS)
- » 14 PDPs have \$0 deductibles
- » \$15.10 is the lowest monthly premium for a prescription drug plan
- » \$66.70 is the lowest monthly premium for a prescription drug plan with coverage for generic drugs in the coverage gap
- » Nine PDPs have a premium of \$0 for people who qualify for Extra Help

As you know, the Senior Health Insurance Benefits Assistance (SHIBA) program publishes an annual guide to Medicare plans that are available in Oregon. The Oregon Guide to Medigap, Medicare Advantage, & Prescription Drug Plans is available online at <http://www.oregon.gov/DCBS/SHIBA/index.shtml>. ●



Rulemaking updates

Public hearing set for Oct. 25 on retainer medical practices

Our public hearing on draft rules outlining how we will regulate these practices is scheduled for 1:30 p.m. to 3:30 p.m., Tuesday, Oct. 25, in Room F in the basement of the Labor and Industries Building in downtown Salem. Watch the website for the latest version of draft rules: http://insurance.oregon.gov/rules/prop_admin_rules.html. Medical retainer practices offer specified primary care services for a regular, set fee (monthly or annually, for example) charged directly to patients. Senate Bill 86, passed by the 2011 Legislature, exempted the practices from the Insurance Code but requires them to register with the Insurance Division of the Department of Consumer and Business Services.

Long-term care

The division has started rulemaking on Senate Bill 88, requiring rules around prompt payment of long-term care claims and a process to appeal decisions about whether benefit triggers have been met. The appeals process must include both internal and external appeal procedures. Senate Bill 88 directed the division to take into consideration the NAIC model acts on long-term care insurance that include these provisions. The current draft rules would adopt the language of NAIC Model Act #641 relating to long-term care insurance. The rules will apply to all long-term care insurance policies in Oregon that are issued or renewed after July 1, 2012.

Workers' compensation rulemaking

This division will form an advisory committee to review possible changes to OAR 436-009, "Oregon Medical Fee and Payment Rules," and OAR 436-015, "Managed Care Organizations." The committee will meet on Nov. 29, and may also look at some parts of OAR 436-010, the rules governing "Medical Services." If you are interested in joining the committee or attending its meetings, contact rules coordinator/policy analyst Fred Bruyns at 503-947-7717 or fred.h.bruyns@state.or.us. The Department of Consumer and Business Services is required to update the medical fee schedule annually. Watch the rulemaking calendar for updates: http://www.cbs.state.or.us/wcd/policy/rules/rul_cal.pdf.

Other

In the property and casualty area, the Insurance Division is working on rules to implement House Bill 3411, which requires that vendors who sell or lease portable electronics devices (cell phones or electronic tablets, for example) obtain a limited insurance producer license from the Department of Consumer and Business Services before selling portable electronics insurance coverage. The public hearing on these rules is scheduled for Dec. 7, 2011. The rules must be in place before Jan. 1, 2012.

The division is also conducting rulemaking on surplus lines insurance. This rulemaking is in response to HB 2679 and is necessary to conform Oregon's rules to provisions of the Nonadmitted and Reinsurance Reform Act of 2010 that is a part of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act. The hearing is scheduled for Dec. 5, 2011.

By the way, the division has a number of rulemaking advisory committees – nine at last count, each with 10 to 25 members. Click on our [Rulemaking and Rule Advisory Committee Calendar](#) schedule to see when they meet. ●

New on the Insurance Division website

- » [Long-term care information](#)
- » [Health insurance appeals guide](#)
- » [Auto declarations guide](#)
- » [iPhone/Android home inventory applications](#)

Enforcement actions

This *Regulator* lists key orders that were posted on the division website from July through September 2011. More orders are posted at http://insurance.oregon.gov/admin_actions/adminact.html.

Insurance companies

Marketplace orders

Health Net Health Plan of Oregon

Tigard

Violation: Health Net misrepresented to claimants seeking chemical dependency or mental health services under group health insurance policies that the policies required prior authorization before receiving the services.

Penalty: \$5,000

Date of Order: 8/11/2011

The following companies issued insurance policies (health, group life, stop loss, etc.) to an unapproved trust or association and were fined amounts ranging from \$5,000 to \$20,000:

Aetna Life Insurance Company, Hartford, Conn.;
Brokers National Life Assurance Company, Austin, Texas;
Metropolitan Life Insurance Company, Tampa, Fla.;
PacificCare of Oregon, Inc., Cypress, Calif.;
Pan-American Life Insurance Company, New Orleans;
Providence Health Plan, Beaverton;
Standard Insurance Company, Portland;
Symetra Life Insurance Company, Seattle;
The Union Labor Life Insurance Company, Washington, D.C.;
United of Omaha Life Insurance Company, Omaha, Neb.;
UnitedHealthcare Insurance Company, Hartford, Conn.

Financial orders/Suspensions

AXA Insurance Company

New York

Violation: Failed to timely increase special surety deposit

Penalty: \$700

Date of Order: 8/8/2011

The following companies failed to timely increase their special workers' compensation deposit and were fined amounts ranging from \$300 to \$700:

Companion Property and Casualty Insurance Company, Columbia, S.C.;
Compwest Insurance Company, San Francisco;
and Great Divide Insurance Company, Scottsdale, Ariz.

Filing orders

Two companies filed their Oregon Insurance Guaranty Association recoupment assessment certification late:

BCS Insurance Company

Oakbrooke Terrace, Ill.

Penalty: \$700 penalty

Old Republic General Insurance Corporation

Chicago

Penalty: \$1,500

Producers

Harlow, Danny J.

Vancouver, Wash.

Violation: Made unsuitable recommendation in annuity transaction.

Penalty: \$9,000

Date of Order: 7/11/2011

Hauff, Eddy K.

Kelso, Wash.

Violation: Provided incorrect information on 2011 insurance producer license application.

Penalty: DCBS director refuses to issue Hauff the nonresident individual insurance producer license.

Date of Order: 9/9/2011

Hawkins, John H.

Portland

Violation: Convicted in State of Washington of identity theft and possession of stolen property; nonresident individual producer license revoked by Washington insurance regulators; Hawkins failed to notify DCBS of Washington regulators' action and of the criminal convictions; failed to respond to DCBS director's inquiry.

Penalty: Oregon resident individual insurance producer license revoked

Date of Order: 7/12/2011

Hill, Amanda J.

Scappoose

Violation: Failed to respond to DCBS director's inquiry into a complaint that Hill received premium payments that were not made available to the insurer.

Penalty: Resident individual insurance producer and business entity license revoked.

Date of Order: 9/7/2011

Continued on next page

Enforcement actions, continued

Lewis, Tiffany L.

Bedford, Texas

Violation: Disbarred from practicing law in Texas; convicted in Texas of misapplication of fiduciary property; failed to disclose 2009 conviction and 2005 disbarment in an October 2010 Oregon insurance license application; failed to respond to DCBS director's inquiry.

Penalty: Oregon nonresident individual insurance producer license revoked.

Date of Order: 8/10/2011

Sandford, Charlotte M.

Castle Rock, Wash.

Violation: Misappropriated money by making personal use of premium money intended for insurance; failed to deposit premiums into trust account; resident individual insurance producer license revoked by Washington regulators; failed to report Washington's action to Oregon regulators.

Penalty: Expired Oregon nonresident individual insurance producer license revoked.

Date of Order: 8/31/2011

Sloan, Chet A.

Vancouver, Wash.

Violation: Agent used coercion in pressuring a client to purchase an unwanted Medicare supplement policy; failed to truthfully respond to a DCBS director's inquiry about the incident.

Penalty: Oregon nonresident individual insurance producer license revoked.

Date of Order: 9/14/2011

Youngblood, Jordan A.

Eugene

Violation: Failed to respond to DCBS director's inquiry about a client complaint.

Penalty: Oregon resident individual insurance producer license revoked.

Date of Order: 8/3/2011. ●

Administrative rules and bulletins

Visit our website to find links to these recently adopted rules and all rules: http://insurance.oregon.gov/rules/recent_admin_rules.html.

Amends rules relating to appeals procedures for health benefit plans to comply with federal law (ID 11-2011 Temporary): This rule makes five minor changes to our existing appeals and grievances rules for health benefit plans, in accordance with guidance we have received from the federal government.

Effective: July 7, 2011. through Dec. 21, 2011

Questions? E-mail john.p.atkins@state.or.us

Adopts rules relating to Oregon Companion Guide for Health Care Eligibility Benefit Inquiry and Response (ID 12-2011): This rule adopted uniform standards for administrative simplification of health insurance developed by the Office of Oregon Health Policy and Research. The standards adopted by these rules involve health care benefit eligibility inquiries and responses.

Effective: July 15, 2011

Questions? E-mail Jeannette.holman@state.or.us

2011 Bulletins

2011-01: House Bill 2679 — Implementation of the Federal Nonadmitted and Reinsurance Reform Act of 2010 ("NRRRA"). This bulletin outlines nationwide regulatory changes that will affect the placement of nonadmitted insurance in Oregon.

This bulletin and past bulletins can be found at <http://insurance.oregon.gov/bulletins.html>. ●

Recent rate activity

TOP 10 OREGON HOMEOWNERS INSURERS BASED ON PREMIUM[†] Domicile, Direct Premium Written, Market Share, Recent Rate Activity

	NAME OF COMPANY	DOM	WRITTEN	SHARE	ACTIVITY	NEW	RENEWAL
1	State Farm Fire & Cas Co	IL	164,452,422	25.98%	0.0%	n.a. (1)	n.a. (1)
2	Farmers Ins Co Of OR	OR	58,551,382	9.25%	5.3%	03/16/11	03/16/11
3	Safeco Ins Co of OR	OR	44,334,575	7.00%	1.8%	5/14/11 (3)	7/12/11 (3)
4	Farmers Ins Exch	CA	29,641,113	4.68%	1.4%	03/16/11	03/16/11
5	Country Mut Ins Co	IL	27,526,539	4.35%	9.2%	10/17/10	10/17/10
6	Allstate Ins Co	IL	22,403,747	3.54%	1.8%	n.a. (2)	11/03/11
7	American Family Mut Ins Co	WI	21,968,379	3.47%	6.0%	10/01/11	10/01/11
8	Allstate Prop & Cas Ins Co	IL	19,669,225	3.11%	5.0%	09/19/11	11/03/11
9	Foremost Signature Ins Co	MI	19,246,650	3.04%	0.0%	n.a. (1)	n.a. (1)
10	Allstate Ind Co	IL	16,496,029	2.61%	2.0%	n.a. (2)	11/03/11
	TOP 10		424,290,061	67.0%	2.3%		
	TOTAL 118 COMPANIES		632,923,511				

Premiums includes renters, condos, manufactured homes, and coverages such as boats, golf carts, and jewelry. Rate activity applies to homeowners' coverages only unless noted.

[†] Insurer rankings based on 2010 direct premium written.

(1) Company has not filed an overall rate change in the past 12 months.

(2) As of April 1, 2006, new business is written only in Allstate Property and Casualty Insurance Company and Allstate Fire and Casualty Insurance Company

(3) Company's previous change was a 5.2 percent average overall increase effective Feb. 12, 2011.

TOP 10 OREGON AUTOMOBILE INSURERS BASED ON PREMIUM[†] Domicile, Direct Premium Written, Market Share, Recent Rate Activity

	NAME OF COMPANY	DOM	WRITTEN	SHARE	ACTIVITY	NEW	RENEWAL
1	State Farm Mut Auto Ins Co	IL	377,957,341	18.75%	3.8%	10/24/11	11/24/11
2	Farmers Ins Co of OR	OR	254,010,221	12.60%	3.5%	05/30/11	06/30/11
3	Safeco Ins Co of OR	OR	136,576,903	6.77%	0.0%	n.a. (1)	n.a. (1)
4	Progressive Universal Ins Co	WI	105,198,781	5.22%	1.0%	06/17/11	07/17/11
5	Progressive Classic Ins Co	WI	99,246,563	4.92%	1.4%	06/17/11	07/17/11
6	American Family Mut Ins Co	WI	68,861,927	3.42%	4.0%	04/14/11	04/14/11
7	Allstate Ins Co	IL	56,249,564	2.79%	0.0%	n.a. (2)	n.a. (1)
8	Geico Gen Ins Co	MD	54,921,583	2.72%	0.0%	n.a. (1)	n.a. (1)
9	Allstate Fire & Cas Ins Co	IL	52,175,795	2.59%	3.0%	04/18/11	05/23/11
10	Country Pref Ins Co	IL	39,749,755	1.97%	4.3%	09/19/11	09/19/11
	TOP 10		1,244,948,433	61.7%	2.5%		
	TOTAL 176 COMPANIES		2,016,232,340				

Premium includes motorcycle, light trucks, recreational vehicles, and motor home coverage.

Rate activity is for personal automobile insurance.

[†] Insurer rankings based on 2010 direct premium written.

(1) Company has not filed an overall rate change in the past 12 months.

(2) As of April 1, 2006, new business is written only in Allstate Property and Casualty and Allstate Fire and Casualty Insurance Company

(3) Insurer filed previously for a 4.3 percent increase effective Feb. 15, 2010.

Oregon Insurance Division, compiled Sept. 29, 2011.

Key contacts

Oregon Insurance Division

Administration

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Fax 503-378-4351
E-maildcbs.inmail@state.or.us
Administrator Teresa Miller
Deputy Administrator Berri Leslie
Operations Manager Gayle Woods

Market Regulation

Information503-947-7980
• Administrative Services503-947-7222
 Manager Margarita Nuñez
• Consumer Advocacy503-947-7984
 Manager Ron Fredrickson
• Consumer Services503-947-7205
 Manager Brian Light
• Producer Licensing503-947-7981
 Manager Jim Thompson
• Market Surveillance503-947-7242
 Manager Miles Ueoka
• Rates & Forms
 Information503-947-7983
 Manager Rhonda Saunders-Ricks

Financial Regulation

Information503-947-7982
 Manager Russell Latham
 Assistant Manager Annette Boyce

Employment opportunities

Margarita Nuñez503-947-7222

Other agencies

Oregon Health Plan

800-359-9517

State Portability Option

Oregon Medical Insurance Pool

(Administered by Regence BlueCross BlueShield)
800-848-7280

COBRA/ERISA/HIPAA questions

U.S. Department of Labor
866-275-7922

Senior Health Insurance Benefits Assistance (SHIBA)

800-722-4134
503-947-7979

Workers' Compensation Division

General information
503-947-7810

Department of Consumer and Business Services website

dcbs.oregon.gov

Oregon government website

www.oregon.gov

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