

Insurance Division plans to introduce four bills in 2003 legislative session

The Insurance Division plans to introduce four bills in the 2003 session of the Oregon Legislature, which convenes Jan. 13.

Drafts of the following bills are available for review on the division's Web site: oregoninsurance.org.

Insurance trade practices by lending institutions

- Establishes standards governing transaction of insurance by lenders.
- Requires lenders to make specified disclosures to consumers.
- Prohibits advertising or promotions that indicate insurance products are backed or guaranteed by the government.

Licensing reciprocity

- Amends reciprocity standards to facilitate interstate reciprocity for insurance producers.
- Authorizes a producer to transact insurance on behalf of a purchaser.

The changes would conform Oregon

law to the National Association of Insurance Commissioners' *Producer Licensing Model Act*.

General purpose bill

- Separates state insurance privacy notice requirements from federal privacy requirements.
- Requires privacy notice at the initiation of an insurance transaction.
- Authorizes the director of the Department of Consumer & Business Services to adopt holding company solvency rules for health care service contractors.
- Requires third party administrators to file audited financial statements based on independent annual audits.

Contraceptive coverage

- Prohibits an insurer that provides generally comprehensive coverage of prescription drugs and devices from excluding prescription contraceptives or covering them on a less favorable basis than other covered prescription drugs and devices.

Medical malpractice, contractor liability rates showing sharpest increases in hard market

The hard market for property and casualty insurance is affecting Oregon as well as the rest of the country.

Premiums for most lines have increased, with medical professional liability and construction contractor liability insurance showing the sharpest jumps.

Oregon Governor John Kitzhaber ap-

pointed a task force to address medical professional liability costs. The task force held its first meeting in early August.

Doctors in certain specialties have been most affected, with rates for Oregon

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States surpass licensing reciprocity requirements

The National Association of Insurance Commissioners (NAIC) has certified that 35 states, including Oregon, have met reciprocity requirements for non-

resident producer licensing under the *Gramm-Leach-Bliley Act* (GLBA).

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Richard 'Dick' McGavock

'Short-timer' makes a career of civil service

Fresh from law school, **Dick McGavock** accepted what he thought would be a short-term position as Oregon's deputy insurance commissioner in 1973.

"I was looking for a law firm and was only going to stay a short while," McGavock recalls. Instead, he found civil service to be his calling.

Although he had insurance and law degrees, plus a decade of worker's compensation experience, insurance regulation was a whole new ball game. Within days of coming on board, McGavock's boss took off for three weeks.

"They didn't have a place for me, so the boss told me to use his office and do what I could until he got back. I discovered I could only handle about 20 percent of his work. It really was a baptism under fire."

McGavock has held a number of positions within the Insurance Division over almost three decades, in-

Please see McGavock, Page 6

AGENT LICENSING

Using an old application form can hold up your license

By Margarita Nuñez

Both our agent and agency applications have been significantly revised to reflect law changes that took effect in January 2002. We encourage everyone to use these new applications. If you use an old form, your license may be delayed because the old forms don't ask for all of the information required by the new laws. The correct forms to use are:

- *Individual Insurance License Application*, Form 440-3000 (7/02/COM)
- *Firm or Corporation Application*, Form 440-3001 (5/02/COM)

The latest forms are available on our Web site: oregoninsurance.org.

Application forms printed prior to May 2002 should be recycled.

Variable life and personal lines insurance

Resident agents holding only the variable life class or the personal lines class have the same continuing education hours requirement as those holding life, health, property, or casualty classes. Currently, 44 hours are required per renewal period.

Electronic nonresident licensing

We are updating our system to allow us to accept electronic nonresident license applications. We hope this feature will be available in November.

Record retention after retirement

We've received a number of calls from agents considering retirement who are concerned about retention requirements for their agency files. Once an agent retires from an insurance agency, he or she is no longer required to keep agency records. Normally, insurer contracts state that records are the property of the insurer and that agency records are to be returned to the insurer or reassigned to the successor agent.

Automating regulatory functions

The National Association of Insurance Commissioners (NAIC) has contracted with Aithent, Inc., to develop a Web-based system that will automate the regulatory functions of state insurance departments. This software is called

State Based Systems. The Oregon Insurance Division anticipates using this system. The goal is to issue and renew licenses on a 24-hour-a-day, 7-day-a-week basis.

New Jersey, Delaware, and the District of Columbia have been chosen to test the system. A timeframe for implementing the system in Oregon hasn't been determined.

Insurance consulting

We've issued more insurance consultant licenses recently, and, as a result, have been getting more calls regarding disclosure requirements. A consultant must disclose in writing to each client and prospective client the specific information outlined in ORS 744.650(1), including the following:

- nature of the work to be performed
- consultant's qualifications
- consultant's area of expertise
- fee and expense schedule
- who the consultant represents
- whether a commission or other compensation will be received

Illegal prescription drug imports

The Oregon Board of Pharmacy has asked us to alert insurance producers to federal and state laws that prohibit importing prescription drugs from Canada. Promoting cross-border sales from Canadian pharmacies violates the federal *Food, Drug and Cosmetic Act* and Oregon statutes, and may be subject to prosecution by the Department of Justice.

More information about federal and state laws restricting prescription drug imports is available on the Board of Pharmacy's Web site: www.pharmacy.state.or.us.

Health insurance portability

Agents who take individual health insurance applications should determine if an applicant is portability eligible. Eligibility for portability runs for 63 days from the termination of group health benefits.

Agents should clearly explain this option to applicants who are portability eligible.

Margarita Nuñez is manager of the Agent Licensing Unit

RECIPROCITY

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Additional states are expected to achieve reciprocity this year or next year.

GLBA gave the states three years from the act's passage to adopt uniform regu-

lations governing insurance producers or to adopt reciprocal provisions for nonresident producers. If at least 29 states had not achieved reciprocity by the November 2002 deadline, a National Association of Registered Agents and Brokers (NARAB) would have been created to regulate producer licensing.

"Reciprocity is a major step toward our ultimate objective of establishing uniformity in licensing," said Oregon Insurance Administrator **Joel Ario**. "The states have shown that they can work together to streamline the licensing process for nonresident producers. Now we need to continue moving toward uniformity."

INSURANCE ADMINISTRATOR'S COLUMN

Regulators moving toward uniformity in product approval

Oregon supports recent efforts by the National Association of Insurance Commissioners to develop an interstate compact that would establish uniform standards and a single point of filing for life insurance, annuities, disability income, and long-term care insurance products.

We support a compact because it produces national uniformity under state control. Such uniformity is desirable for at least three reasons:

- It focuses on insurance products where the risk doesn't vary from state to state.
- It's good for consumers who take these portable insurance products with them when they move across state lines.
- It allows states to pool their resources, which ought to result in higher standards and more effective consumer protection.



limited our legislative agenda (see story, Page 1). If NAIC members approve an interstate compact, we also plan to bring it to the 2003 Legislature for consideration.

Other issues likely to be debated in the session include professional liability coverage and health care costs.

McGavock makes a difference

The Insurance Division has seen a myriad of changes over the past three decades. **Dick McGavock**, currently senior policy advisor, has been one of the few constants (see story, Page 1). While Dick's technical expertise is unsurpassed, especially in the workers' compensation arena, he never lost sight of the human element. As Dick says, making a difference for the people we serve is what it's all about.

Electronic subscription service coming

The Insurance Division plans to switch to an electronic subscription service next spring to distribute administrative rules, bulletins, and enforcement orders. Subscribers will be notified by e-mail when a rule, bulletin or order has been issued. The e-mail will include a link to the document on our Web site. The change will improve efficiency and result in big savings in printing and postage costs. You'll be hearing more about this later.

New enforcement unit

The division has created a new Enforcement Unit and named **Mitchel Curzon** as chief enforcement officer. Curzon was formerly with our Investigations Unit. The change will allow us to improve efficiency by centralizing all enforcement activities and streamlining procedures.

Legislative session set for January

The Oregon Legislature will convene Jan. 13 for its regular biennial session. The state's ongoing budget problems will likely garner most of the lawmakers' attention, so we



Joel Ario
Insurance Administrator

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

Consumer Protection

Information (503) 947-7984
 Manager Jann Goodpaster

• **Consumer Advocacy.** (503) 947-7240
 Manager Larry Culbertson

• **Investigations** (503) 947-7219
 Manager Cindy Jones

Company Regulation

Information (503) 947-7982
 Manager Charles Nicoloff

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

Employment opportunities

Shelley Greiner (503) 947-7222

Other agencies

Oregon Health Plan

1-800-359-9517

State Portability Option

Oregon Medical Insurance Pool
 (Administered by Regence Blue Cross
 Blue Shield)
 1-800-848-7280

COBRA/ERISA/HIPAA questions

U.S. Department of Labor
 1-866-275-7922

Workers' Compensation Division

General information
 (503) 947-7810

Oregon Government

Directory Assistance
 (503) 378-6500

COMPANY ACTIONS

Sanctions

Copies of enforcement orders are available on the Insurance Division's Web site: oregoninsurance.org.

American Bankers Insurance Co. of Florida

Miami, FL

Violations: Authorized unlicensed persons to transact insurance. Failed to enter into written contracts with appointed agents. Failed to notify the DCBS director of an agent appointment.

Penalty: \$30,000 fine

Date of order: Aug. 22, 2002

Great American Life Insurance Co.

Cincinnati, OH

Violations: Failed to maintain evidence of policy summaries in life insurance replacement transactions. Failed to timely send a policy summary to replaced insurer in life insurance replacement transactions.

Penalty: \$10,000 fine

Date of order: June 27, 2002

GuideOne Specialty Mutual Insurance Co.

West Des Moines, IA

Violations: Failed to promptly settle a claim. Failed to record pertinent information about a claim. Failed to promptly communicate with a claimant about a claim.

Penalty: \$10,000 fine

Date of order: March 12, 2002

IGF Insurance Co.

Des Moines, IA

Violations: Failed to timely complete an investigation of a claim. Failed to promptly settle a claim. Failed to promptly acknowledge a claim communication. Failed to promptly provide necessary claim forms. Failed to timely notify a claimant of continuation of investigation of his claim. Failed to promptly pay personal injury protection benefits.

Penalty: \$10,000 fine

Date of order: July 1, 2002

ServicePlan, Inc.

Glenview, IL

Violation: Transacted insurance in Oregon without a certificate of authority.

Penalty: \$50,000 fine

Date of order: July 1, 2002

Star Insurance Co.

Southfield, MI

Violation: Failed to promptly pay bond claims.

Penalty: \$21,000 fine

Date of order: July 22, 2002

Union National Life Insurance Co., United Insurance Co. of America, and The Reliable Life Insurance Co.

Violation: Used allegedly unfair underwriting and pricing practices, including race-based premiums.

Penalty: The companies were fined \$1.25 million in May 2002 following a multi-state market conduct examination. The fine was allocated to each participating state based on the percentage of the total affected policies issued to the state's residents. Of the 391,538 affected policies, only 18 were issued to Oregon residents. As a result, the minimum fine of \$1,055 was allocated to Oregon.

Date of order: June 11, 2002

Western Grocers Employee Benefits Trust

Portland, OR

Violation: Failed to comply with market conduct examination recommendations.

Penalty: \$5,000 fine

Date of order: July 1, 2002

New admissions — Insurers

Ace Guaranty Re, Inc.

Baltimore, MD • Aug. 23, 2002

Casualty excl. WC, Surety

Hartford Steam Boiler Inspection and Insurance Co. of Connecticut (The)

Hartford, CT • Aug. 26, 2002

Property, Casualty excl. WC, Marine and Transportation

Paco Insurance Co., Inc.

Springfield, IL • Aug. 23, 2002

Casualty excl. WC

Podiatry Insurance Co. of America Risk Retention Group, a Mutual Company

Springfield, IL • Aug. 22, 2002

Casualty excl. WC

Republic Mortgage Insurance Co. of Florida

Winston-Salem, NC • May 2, 2002

Mortgage

Unified Life Insurance Co.

Austin, TX • Aug. 21, 2002

Life, Health

William Penn Life Insurance Co. of New York

Garden City, NY • May 12, 2002

Life

Suspensions

American Horizon Insurance Co.

Aug. 23, 2002

Comstock Insurance Co.

June 4, 2002

London Pacific Life & Annuity Co.

Aug. 20, 2002

Millers Insurance Co. (The)

Aug. 20, 2002

Surrenders of Authority

Acceleration National Insurance Co.

Ancillary receivership • Nov. 27, 2001

American Continental Insurance Co.

Merged into St. Paul Fire and Marine Insurance Co. • July 1, 2002

Fremont Compensation Insurance Co.

Merged into Fremont Indemnity Co. • May 31, 2002

Fremont Pacific Insurance Co.

Merged into Fremont Indemnity Co. • May 31, 2002

Inter-State Assurance Co.

Merged into Protective Life Insurance Co. • July 1, 2002

Investors Life Insurance Co. of Indiana

Merged into Investors Life Insurance Co. of North America dba ILCO Investors Life Insurance Co. • Feb. 19, 2002

LifeUSA Insurance Co.

Merged into Allianz Life Insurance Co. of North America • July 1, 2002

Midland Life Insurance Co.

Merged into Reassure America Life Insurance Co. • Jan. 1, 2002

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Credit scoring rules near adoption

Final action is expected this month on administrative rules that address problems in the use of credit scoring.

A public hearing on the proposed rules was held Sept. 25. The Insurance Division will consider testimony from the hearing and other written comments before adopting the rules. The proposed rules are available on the division's Web site: oregoninsurance.org.

Many insurers use credit-based insurance scores when making underwriting and rating decisions for auto and homeowner policies. While insurers argue credit history is an accurate predictor of potential risk, critics say insurance companies arbitrarily and inappropriately use credit scoring.

The rules address key credit scoring problem areas, including cancellations, non-renewals, or adverse actions result-

ing from credit scoring, and insurer disclosure of the use of credit scoring.

The rules prohibit use of credit to cancel or non-renew current policyholders. They allow the continued use of credit in rating, subject to actuarial justification, and in underwriting new risks, subject to written policies that ensure fair treatment.

When consumers are adversely affected by their credit, insurers must give them specific reasons for the adverse action, with an opportunity to correct any mistakes in their credit history, and to have their score recalculated if their credit improves.

Finally, insurers must disclose their use of credit information in considering policy applications and provide a written summary of their policy on credit information on request.

Use of Web technology makes financial examinations more effective and efficient

Neeraj Gupta, chief financial examiner for the Oregon Insurance Division, used to spend a couple of days a week in the field monitoring the progress of various financial examinations. Now, when he needs to check on the status of an exam or review work papers, he just logs onto a special, secure Web site.

Oregon is one of two states that extensively use Web technology to make the exam process more effective and efficient. By using Teammate and Citrix software and an enhanced security system developed by department staff, examiners can electronically share financial information safely and easily.

In the past, insurers had to provide examiners with paper copies of financial documents. Larger companies could end up photocopying enough records to fill seven or eight archive boxes. All of that material had to be stored once the examination was completed.

Since most of the necessary information is available electronically from insurers, banks or other institutions, examiners can now electronically import documents into Teammate files. Paper documents, such as stock certificates, can be

scanned into electronic files.

"It's a very secure system," Gupta says. "Any member of the exam team can dial in from anywhere in the world and have access to the same documents."

Current and completed exams are available on the system.

Gupta says he got the idea for electronic exams from **Leman McLean**, Oregon's former chief examiner who now works for the Minnesota Insurance Department. Gupta also praised **Jay Holt** and **Corey Warrington** of the department's Information Management Division for their help on the project.

"This is a win-win situation," Gupta says. Supervisors, field examiners and analysts in the Salem office can easily share information, which should speed up the exam process. Analysts can electronically document their reviews of domestic insurers, and examiners can access the analysts' files on the Web.

Since most records will be electronic, the division can reduce paper storage costs and spend less time searching for records. And, insurers will spend less time and money on copying records needed for exams.

COMPANY

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Millers Casualty Insurance Co. (The)
Merged into Millers Insurance Co. (The)
• March 31, 2002

Neighbors of Woodcraft
Merged into Woodmen of the World Life Insurance Society and/or Omaha Woodmen Life Insurance Society • July 1, 2001

Phico Insurance Co.
Certificate of authority expired May 31, 2002; ancillary receivership opened July 15, 2002

Stonebridge Insurance Co.
Merged into J.C. Penney Life Insurance Co. • April 1, 2002

Trupaws Family Pet Insurance Co.
Dissolved • June 27, 2002

WM Life Insurance Co.
Merged into Safeco Life Insurance Co. • June 26, 2002

Published Financial Exams

Published exams are available on our Web site: oregoninsurance.org.

Complementary Healthcare Insurance, Inc.
Sept. 9, 2002

Dentists Benefits Insurance Co.
June 24, 2002

Familycare Health Plans, Inc.
June 19, 2002

Northwestern Pacific Indemnity Co.
June 28, 2002

Northwest Physicians Mutual Insurance Co.
June 25, 2002

ODS Health Plan, Inc.
June 24, 2002

One Health Plan of Oregon, Inc.
June 27, 2002

Oregon Dental Service
June 24, 2002

Stewart Title Insurance Co. of Oregon
June 25, 2002

Sublimity Insurance Co.
June 28, 2002

McGAVOCK

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cluding deputy commissioner, house counsel, hearings officer and manager of the Rates and Forms Section. He currently is senior policy advisor to Insurance Administrator **Joel Ario**.

A common thread throughout McGavock's career has been oversight of workers' compensation insurance. For example, he was instrumental in Oregon's move to an "open competition" rating system in the early 1980s, working with casualty actuary **Michael Lamb** on legislation and administrative rules. Oregon was the first state to enact open competition and its workers' compensation rates, at one time the highest in the nation, dropped 38 percent within two years after the new law was implemented, saving employers millions.

McGavock, with his legal background, wasn't afraid to take on big workers' comp insurers when they violated Or-

egon law. He recalls successfully prosecuting a major insurer in 1977 for unfair trade practices regarding policyholder dividends. He also helped write the legal brief that was the basis of the state's prevailing case in the Oregon Court of Appeals.

McGavock handled a variety of cases as a hearings officer, including agent sanctions. He carefully reviewed the facts in each case to see if license revocation was necessary, or if lesser, creative sanctions could be used to rehabilitate the agent while protecting the public.

McGavock drew a lot of satisfaction from his efforts to lower workers' compensation costs for thousands of Oregon employers. But just as satisfying, he says, were the individuals he was able to help over the years.

One case that stands out involved a young couple whose premature baby needed ongoing intensive care after open heart surgery. When their insurance company tried to cancel intensive care coverage after several months, McGavock

stepped in and persuaded the insurer to continue coverage. The young girl fully recovered and now leads a normal life.

"That's what it's all about — making a difference for the people we serve," he says.

As McGavock ponders retirement, he's pleased with the way his regulatory career turned out.

"I was able to combine my academic background with my legal training to make a difference for the citizens of Oregon," he says.

"We'll miss Dick's technical expertise," says Ario. "But we're also going to miss his passion for consumer protection. He was always willing to stand up when he thought someone wasn't being treated fairly."

When he does decide to leave state service, McGavock looks forward to spending more time with his wife of 35 years, a son, a daughter, and two grandchildren. He's an avid fisherman, hunter and gardener who loves to prepare his harvest for others.

PRODUCER ENFORCEMENT ACTIONS

Actions taken against insurance producers are summarized below. Complete copies of enforcement orders are available on the Insurance Division's Web site: oregoninsurance.org.

Adriane E. Ayala

Savannah, GA

Violations: Was convicted in Georgia of a misdemeanor involving moral turpitude. Filed an Oregon nonresident license application containing false information. Is not licensed in her resident state.

Penalty: Oregon nonresident license revoked

Date of order: June 27, 2002

Randall P. Ewing, Sr.

Greenville, IN

Violations: Was convicted in Kentucky of misdemeanors involving moral turpitude. Filed an Oregon nonresident license application containing false information.

Penalty: Oregon nonresident license revoked

Date of order: June 27, 2002

Deborah L. Frazier

Gibsonburg, OH

Violations: Had her resident license revoked in Ohio for allegedly issuing policies and collecting premiums but failing to actually procure the insurance.

Penalty: Oregon nonresident license revoked

Date of order: July 9, 2002

Eddy B. Hauff

Portland, OR

Violation: Was convicted in Oregon of a felony involving dishonesty.

Penalty: Oregon resident license revoked

Date of order: July 9, 2002

Jewett, Barton, Leavy, Kern, Inc.

Portland, OR

Violations: Failed to timely file workers' compensation insurance guaranty contracts with the Oregon Workers' Compensation Division. Failed to maintain workers' compensation insurance policy records.

Penalty: \$20,000 fine

Date of order: June 27, 2002

Duane L. McCreery

Lake Oswego, OR

Violations: Engaged in dishonest conduct

not related to the business of an insurance agent. Was convicted in Oregon of a felony involving dishonesty.

Penalty: Oregon resident license revoked.

Date of order: Aug. 12, 2002

Oakwood Mobile Homes, Inc.

Greensboro, NC

Violations: Transacted insurance in Oregon without a license. Transacted insurance in Oregon through unlicensed employees. Failed to notify or timely notify the DCBS director that it had authorized six licensed employees to transact insurance in Oregon.

Penalty: Oregon nonresident agent license revoked

Date of order: July 30, 2002

Marsha O. Perry

Vale, OR

Violation: Illegally withheld insurance premiums from an insurer.

Penalty: \$1,000 fine

Date of order: Sept. 11, 2002

ADMINISTRATIVE RULES & 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: oregoninsurance.org.

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

Phone: (503) 947-7272

Mail: Administrative Rules Coordinator
Oregon Insurance Division - 1
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 14-2002 (Temporary) — Standards for Safeguarding Customer Information: OAR 836-081-0100 to 836-081-0125

Establishes standards for developing and implementing safeguards to protect the security, confidentiality and integrity of customer records and information. The rules were adopted to carry out requirements of the federal *Gramm-Leach-Bliley Act* (GLBA) and apply to nonpublic personal information, including financial and health information.

Adopted: May 20, 2002

Oregon joins insurance group that helps families with homes

Oregon has joined the NeighborWorks National Insurance Task Force (NITF), which works to develop partnerships between the insurance industry and community-based organizations. NITF's goals are to help homeowners reduce risk and improve the safety of their homes, and to create better-educated customers for insurers.

"Oregon is excited to join NITF in its efforts to help families realize their dreams of home ownership," said Oregon Insurance Administrator **Joel Ario**. "NITF members share our interests in insurance accessibility, affordability, loss prevention, and consumer education."

Effective: Sept. 1, 2002, through Dec. 15, 2002. (Please see ID 16-2002 below.)

ID-15-2002 — Examination Fees and Charges: OAR 836-009-0007 and 836-071-0180

Amends rules governing fees for examination and re-examination for a general lines endorsement, creating separate fees for examination and re-examination for property, casualty, combined property and casualty, and personal lines insurance.

Adopted: June 13, 2002

Effective: July 1, 2002

ID 16-2002 (Temporary) — Standards for Safeguarding Customer Information: OAR 836-081-0100 to 836-081-0125

Temporarily suspends ID 14-2002, which was to be effective July 1, 2002. This rule moves the rule's effective date to Sept. 1, 2002. (Please see ID 14-2002 for a rule summary.)

Adopted: June 25, 2002

Effective: July 1, 2002 to August 31, 2002

ID 17-2002 — Annual Statements and Reports by Insurers: OAR: 836-011-0160

Permanently adopts temporary amendments to an existing rule that establishes qualifications of independent certified public accountants for the purpose of annual audits of insurers.

Adopted: July 3, 2002

Effective: July 11, 2002

ID 18-2002 — Repeals Requirement to Submit a Management Affirma-

tion Letter to Department: OAR 836-013-0200, -0210 and -0220

Repeals rules requiring each insurer transacting insurance in Oregon to submit a management affirmation letter to DCBS in connection with its examination. Also repeals the same requirement for an affiliate of an insurer when the affiliate is examined.

Adopted: July 8, 2002

Effective: July 12, 2002

ID 19-2002 — Independent Review of Adverse Determination and Annual Reporting of Network Adequacy: OAR 836-053-1300 to 836-053-1365, and 836-053-1190

Permanently adopts temporary rules implementing statutes requiring health insurers to allow enrollees to seek independent, external review of an adverse determination, with clarifying changes. Also amends an existing rule to establish uniform indicators for insurer reporting of the scope and adequacy of their provider networks.

Adopted: Sept. 27, 2002

Effective: Sept. 28, 2002

Bulletins

INS 2002-4 — July 1, 2002

Explains general filing instructions for policy forms and rates. (Replaces INS 2002-2, which has been withdrawn.)

INS 2002-5 — Sept. 4, 2002

Prohibits sale of individual health benefit plans when an employer contributes to coverage in the small employer market.

PERSONNEL

Pat Neesham was promoted to supervisory insurance examiner in the Company Section. She had been an insurance examiner.

Gary Stephenson transferred to the Market Conduct Unit as a market conduct examiner. He had been a consumer advocate.

Von Ledbetter transferred to the Market Conduct Unit as market regulation coordinator. She was an assistant in the

Senior Health Insurance Benefits Assistance (SHIBA) program.

New employees:

- **Stefani Ficek**, office specialist I, Company Section
- **Gayle Meaders**, field officer, SHIBA
- **Michael Morter**, senior consumer protection analyst, Consumer Protection
- **Linh Nguyen**, market conduct examiner, Market Conduct Unit

HARD MARKET

Continued from Page 1

obstetricians and surgeons up more than 50 percent. At the same time, some insurance carriers have left the Oregon market, and others will not accept new doctors or renew current policies.

The task force will investigate the current affordability and availability of medical professional liability insurance in the Oregon market. It will then catalogue and analyze a range of possible solutions for consideration in the next regular legislative session, which begins in January 2003.

The task force is made up of representatives of the insurance industry, medical providers, the legal system, consumers, purchasers, and legislators.

"Lack of access to medical professional liability insurance has drifted into a full-blown crisis in several states," Kitzhaber said. "Here in Oregon, some communities are losing essential medical services because doctors have lost coverage. That's not acceptable."

The governor noted that the problem is acute in rural communities where smaller medical practices are especially vulnerable to premium increases, potentially creating situations in which residents must travel long distances for care.

Medical professional liability insur-

ance premiums in Oregon total about \$50 million per year. That does not include costs of medical organizations that self-insure, such as Kaiser Permanente and Oregon Health & Science University.

The cost of contractor liability insurance continues to increase nationwide, as insurers respond to underwriting losses relating to construction defects and mold issues. Despite the sharp jump in premiums for many construction trades, coverage is still available in the Oregon market.

"Some areas have been hit harder than others," said **Cece Newell** of the division's Consumer Advocacy Unit. "Traditionally, when this cycle occurs, the more difficult classes of business with the smallest profit margins are the first to see premiums go up.

"We're hearing from 6-10 contractors a day and are finding that there has been a severe effect on smaller operations, especially in the general contractor category."

Newell said the division has been working with the Independent Insurance Agents Association and the Professional Insurance Agents Association to develop and maintain an ongoing list of agents who can write construction coverage. "Even in the hard-to-place trades, we are hearing that someone is willing to write the coverage," Newell said.

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 4a40, Salem, OR 97301-3883.

Insurance Administrator
Joel Ario

DCBS Director
Mary Neidig

Editor
John Piper



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INSURANCE DIVISION

350 Winter St. NE, Room 440
Salem, Oregon 97301-3883

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