

Companies, consumers clash over the use of credit scores

Insurance agents are caught in the middle

Should credit information be used to determine insurance eligibility or premiums?

Insurance regulators across the country are asking that question as more and more private passenger automobile and homeowner insurers are using credit-based insurance scores when making underwriting and rating decisions.

Insurers argue there is a direct statistical link between a person's credit history and risk. They contend that insurance scores help companies determine a fairer pricing structure and benefit consumers who have maintained good credit records.

Many consumers disagree, especially those with good driving records who say they are being unfairly penalized because of their credit records.

Some insurance agents, caught in the middle between insurers and irate customers, also have expressed concerns about the practice.

Because of a growing number of

States agree on terrorism exclusions

While Congress has been unable to pass backstop legislation for acts of terrorism, members of the National Association of Insurance Commissioners (NAIC) have agreed on how to handle terrorism exclusions for commercial and personal lines.

Oregon and other state insurance regulators will allow commercial lines insurers to exclude terrorism losses in

consumer complaints, Oregon Insurance Administrator **Joel Ario** appointed an advisory committee to review the issue.

The 12-member committee includes representatives from the insurance industry, credit scoring vendors, and consumer groups, as well as insurance agents. It has been meeting once a month since September of last year.

"Credit scoring is a complex issue," Ario said. "Our goal is to work with the committee to try to reach a consensus on an administrative rule governing use of credit scoring.

"Everything is on the table, but the core issues are fair and equitable use, better disclosure, and perhaps limits on certain uses, such as non-renewing current customers who have good records otherwise."

Ario said a ban on credit scoring would require legislative action.

The advisory committee has been reviewing early drafts of an administrative rule on credit scoring. The latest draft rule, as well as the committee's roster and meeting schedule, is available on the division's Web site: oregoninsurance.org.

certain circumstances to protect market viability.

"This is necessary because Congress failed to approve backstop legislation," said Oregon Insurance Administrator **Joel Ario**. "Federal action is still needed."

Oregon has approved terrorism ex-

Please see **TERRORISM**, Page 6



Maxi McKibben works on the front lines of health reform. For her story, please see **Page 4**.

Oregon recognized for implementing twelve technology initiatives

Oregon was one of five states recently recognized for successfully implementing all 12 technology-based initiatives in the Uniform Regulation Through Technology (URTT) program of the National Association of Insurance Commissioners (NAIC).

URTT awards were presented to Oregon, Georgia, Idaho, Montana and Wisconsin in conjunction with the NAIC's Winter National Meeting in Chicago in December.

"Technology continues to be the key to modernizing state insurance regulation," said Oregon Insurance Administrator **Joel Ario**.

"These initiatives boost efficiency and effectiveness by promoting more uniform regulation of the insurance industry among state insurance departments and by streamlining communication between regulators and insurers."

URTT initiatives focus on the following:

- Insurance agent/broker licensing and continuing education
- Insurance company licensing

Please see **TECHNOLOGY**, Page 5

AGENT LICENSING

Law changes simplify agent licensing process

By Margarita Nuñez

In January, the Agent Licensing Unit began implementing Senate Bill 268. The law, passed by the 2001 Legislature, is based on the National Association of Insurance Commissioners' Producer Licensing Model Act. It simplifies interstate licensing of agents and makes other changes to Oregon licensing statutes.

I'd like to highlight some of the more significant changes.

Lines of insurance

License classes are changing for both resident and nonresident agents. The new law created the following major lines of insurance:

- property
- casualty
- personal lines
- life
- variable life
- health

We started issuing nonresident agent licenses in these classes in January. However, resident agents are not yet able to apply for licenses in property, casualty, or personal lines. These classes of insurance require exams before they can be issued. The exams should be available in July 2002. Until then, resident agents should continue applying for general lines.

Agent definition

"Agent" is now defined as someone who sells, solicits or negotiates insurance (SB 268, Section 20). This is a much clearer definition than was in the old law, which required a license for anyone who "transacted insurance" as defined in ORS 731.146.

Uniform terminology

In an effort to standardize terminology nationwide, the term "insurance producer" was added to Oregon statutes and is defined as a person who sells, solicits or negotiates insurance. The definition of an agent was modified to mirror this definition. The terms "agent" and "insurance producer" are now used interchangeably.

A new term, "business entity" was adopted to replace the term "agency" and is defined as "a corporation, association, partnership, limited liability company, limited liability partnership or other legal entity."

Resident agent photos

Photographs are no longer required for resident agents.

Nonresident licensing requirements

Several law changes simplify the licensing process:

- Fingerprint cards and photographs are no longer required for nonresident agents.
- Letters of certification are no longer required with a nonresident application if the applicant's home state participates in the National Association of Insurance Commissioners' producer database.
- Nonresident agents are no longer required to reapply for a license when they move from one state to another. Nonresident agents can simply provide a change of address and a certification from their new home state.
- Nonresident agents who move to Oregon can qualify for an exemption from prelicensing education and exams if they meet certain criteria. There are two circumstances under which a nonresident agent could be exempt:

1. A currently licensed nonresident agent moves to Oregon and applies for a resident license within 90 days of establishing residence.
2. A nonresident agent in good standing applies within 90 days after his or her previous home state license is terminated. The exemption applies only for the same lines of insurance in which the nonresident agent was previously licensed.

Uniform nonresident application forms

We encourage nonresident agents and business entities to use the NAIC's uniform application forms, which can be found at www.licenseregistry.com. The forms will be updated twice a year.

Future changes

By the end of the year, we hope to be able to offer nonresident agents the option of electronic licensing. Nonresident agents could apply and pay online and have licenses issued within 48 hours.

Another change on the horizon is the national synchronization of license renewals for both resident and nonresident agents. All renewals would occur in the agent's birth month.

Yet another change we foresee is that electronic fingerprinting will replace fingerprint cards.

Margarita Nuñez is manager of the Agent Licensing Unit.

Douglas Beck earns AIE designation

Douglas Beck recently earned his Accredited Insurance Examiner (AIE) designation from the Insurance Regulatory

Examiners Society (IRES). He is a market analyst in the Consumer Protection Section.

INSURANCE ADMINISTRATOR'S COLUMN

Regulators are taking a close look at credit scoring

Consumer complaints about the use of credit scoring in auto and home-owner insurance have caused a number of states, including Oregon, to take a closer look at the practice. I appointed an advisory committee to review this complex issue and try to reach a consensus on an administrative rule governing credit scoring. For more information, please see the credit scoring story on Page 1 or visit our Web site.



Getting smart about insurance

Oregon and other members of the National Association of Insurance Commissioners (NAIC) participated in national *Get Smart Week* Jan. 14-18. This public awareness campaign was designed to encourage consumers to schedule a routine "insurance check-up" at least once a year, and to let them know about the services available from state insurance departments.

States agree on terrorism exclusions

Federal backstop legislation is still needed, but until Congress takes action, Oregon will follow the agreements NAIC members reached for terrorism exclusions.

Exclusions for commercial lines generally will be approved if they track the ISO-approved language.

Exclusions for personal lines generally are not necessary and won't be allowed except in unique circumstances. For more information, please see the terrorism story on Page 1.

Technology: the key to modernization

Technology is the key to modernizing state insurance regulation. That's why I'm pleased that Oregon has implemented all 12 technology-based initiatives in the NAIC's Uniform Regulation Through Technology (URTT) program. (Please see story, Page 1.)

Technology allows us to more uniformly regulate the insurance industry. We encourage the use of electronic commerce to achieve greater efficiencies, and will continue our efforts to eliminate regulations and processes that unnecessarily burden insurers.

Professional development essential

This issue of the *Regulator* includes several stories about Insurance Division employees who will be participating in professional development programs. Continuing education is essential for our staff to keep current on the ever-changing insurance industry. My congratulations to Doug Beck, Gary Holliday, Russel Kennel and Russell Latham!

Consumer advocacy

Our Consumer Assistance Unit is now called the Consumer Advocacy Unit. The new name more clearly expresses the unit's longtime role of serving as advocates for consumers who have problems with insurance companies or agents. Our former compliance officers are now called consumer advocates.

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 BlueCross BlueShield)

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

Working on the front lines of health reform

Maxi McKibben moved from enforcing insurance laws to helping make them

The year was 1992 and the Insurance Division was looking for two people to implement the new small employer health insurance (SEHI) program approved by the Oregon Legislature.

Maxi McKibben, the division's supervisor of investigations at the time, applied and was hired for one of the positions. The extra money was nice, but the challenge also was appealing.

"It was an opportunity for me to be on the front lines of the health insurance reforms taking place," she says, explaining that she wanted to help develop laws and rules, not just enforce them.

McKibben got her wish, working with an advisory group to create administrative rules and rate and form approval standards for SEHI.

A decade later, much of McKibben's job managing the Health Unit and chairing the Health Policy Team involves developing health insurance laws and rules. She also

works closely with her federal counterparts to ensure compliance with federal regulations.

McKibben joined the Insurance Division in 1987 as a combination compliance officer/investigator in the Consumer Protection Section. Before coming to the division, she had been a claims manager for two insurance companies in Salem for 15 years.

The move from investigations to the Health Unit has been a satisfying one for McKibben. She enjoys the policy aspects of her job, as well as "being able to really help individuals and small employers understand their rights" under Oregon law.

Although Oregon adopted most federal laws relating to small employer health insurance in 1995, there still are some differences and these can be hard to explain.

Health insurance reform was a hot topic again during the 2001 legislative session, and that meant McKibben was swamped with bill drafts to analyze. While most bills failed to gain approval, lawmakers did pass patient protection (HB 3040) and prompt payment (SB 894) legislation.

McKibben is pleased with the changes she's seen in her tenure with the Insurance Division. For example, improved communication among sections has led to more collaboration in resolving policy issues.

In her spare time, McKibben enjoys playing golf, decorating her new home with her husband, and entertaining her grandson.

Chief analyst chosen for leader training program

Russell Latham, chief financial analyst for the Insurance Division's Company Regulation Section, has been selected to attend Leadership Oregon.

The training program, offered by the state Department of Administrative Services, is designed to develop leadership potential and expose participants to key issues facing state government. Participants attend monthly sessions for a year.



R. Latham

Latham was a certified public accountant in public accounting for more than six years, specializing in the banking and insurance industries, before joining the Insurance Division as a financial analyst in 1992.

A native of Louisiana, he now lives in Salem with his wife and two children.

Agents, insurers need to check reason why an applicant's auto policy lapsed

Having prior insurance or maintaining continuous coverage are common underwriting requirements for private passenger auto insurance.

However, agents and insurers need to check why an applicant's policy lapsed before denying coverage, placing the applicant in a non-standard company, or charging higher premiums.

Oregon law (ORS 742.449) prohibits insurers from assigning applicants to a higher risk category because they let a prior auto insurance policy lapse, unless they violated motor vehicle laws by driving without insurance.

The law has been on the books since 1989, but the Insurance Division's Consumer Advocacy Unit regularly receives complaints. Here are two examples:

- An elderly couple cancels their auto insurance and doesn't drive for eight months while they save money to fix their car. When they apply for insurance while the car is being repaired, they're turned down because they didn't have prior continuous coverage.
- A teacher left his car in Oregon and canceled his auto insurance while on a one-year European sabbatical. When he returned to Oregon, his previous insurer refused to issue a policy because of the lapse in coverage.

In both cases, coverage was denied in violation of Oregon law. Both situations could have been avoided if the agent or the insurance company had asked for an explanation of the lapse.

Visit our Web site: oregoninsurance.org

COMPANY ACTIONS

Sanctions

Equitable Life and Casualty Insurance Co.

Salt Lake City, UT

Violation: Failed to notify other insurers regarding replacement of existing long-term care policies.

Penalty: \$25,000 fine

Date of order: Jan. 22, 2002

Fortis Insurance Co.

Milwaukee, WI

Violations: Used impermissible information to evaluate an applicant's health status. Refused to pay a claim without conducting a reasonable investigation. Issued a health insurance policy without providing maternity coverage. Failed to respond promptly to inquiries from the DCBS director.

Penalty: \$42,500 fine

Date of order: Feb. 4, 2002

New admissions - Insurers

Accredited Surety and Casualty Co., Inc.

Winter Park, FL • Nov. 5, 2001

Casualty, excl. WC, Surety

Brookwood Insurance Co.

Coralville, IA • May 11, 2001

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

MGIC Indemnity Corp.

Milwaukee, WI • May 24, 2001

Mortgage

PHP Health Plan, Inc.

Klamath Falls, OR • Oct. 5, 2001

HCSC-HMDI

Underwriters for the Professions Insurance Co.

Denver, CO • Sept. 13, 2001

Casualty excl. WC

Surrenders of Authority

American Chambers Life Insurance Co.

Certificate of authority expired • June 1, 2001

Anthem Life Insurance Co. of California

Merged into Anthem Life Insurance Co.

• Dec. 31, 2000

Commercial Fishermens Inter-Insurance Exchange

Certificate of authority expired • June 1, 2001

Continental Life Insurance Co.

Merged into Conesco Senior Health Insurance Co. • Oct. 1, 2000

First National Life Insurance Co. of America

Certificate of authority expired • June 1, 2001

Fremont Indemnity Co. of the NW

Merged into Fremont Industrial Indemnity Co. • Oct. 31, 2000

General Life Insurance Co. of America

Merged into General Life Insurance Co. • July 31, 2001

International Financial Services Life Insurance Co.

Certificate of authority expired • June 1, 2001

St. Anthony Hospital Foundation

Certificate of authority expired • March 31, 2000

The Paul Revere Protective Life Insurance Co.

Merged into The Paul Revere Life Insurance Co. • May 4, 2001

Updated publications are available in print or on Web

Several updated publications are available in print editions or on the Oregon Insurance Division's Web site: oregoninsurance.org:

- *Consumer Guide to Oregon Insurance Complaints — 2000*. This booklet ranks insurers from best to worst based on consumer complaints.
- *Oregon Complaint Report, Part II — 2000*. This 506-page booklet is a more detailed report of complaints against insurance companies.
- *Insurance Division Annual Report, Part I — 2000*. This report includes summaries of financial results of all insurance companies.
- *Insurance Division Annual Report, Part II — 2000*. This report includes financial results of property and casualty and life insurance companies by insurer and by line of insurance.

All printed publications are free, except the *Oregon Complaint Report, Part II*, which costs \$25. You may request a printed copy of any Insurance Division publication by:

Phone: (503) 947-7984 or (800) 722-4134 (toll-free in Oregon)

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

E-mail: dcbs.insmail@state.or.us

TECHNOLOGY

Continued from Page 1

- The filing and approval process for insurance policy forms and rates
- Reporting of company financial data and consumer complaints

"By using technology, the states can more uniformly regulate an industry that is becoming increasingly multi-state and even multi-national in scope," Ario said. "We can leverage our resources to achieve greater efficiencies while preserving our ability to react to local conditions and concerns. We also can eliminate regulations and processes that unnecessarily burden insurers."

PERSONNEL

Jann Goodpaster was named manager of the Consumer Protection Section. She had been acting manager.

Carla Wagner was promoted from office specialist in Company Regulation to licensing technician in Agent Licensing.

Bill Sandhu, rates and forms analyst, retired in December 2001 after 16 years

with the Oregon Insurance Division.

New employees:

- **Lisa Dixon**, licensing technician, Agent Licensing
- **Kelly Jaskoski**, office specialist, Company Regulation
- **Elizabeth McMahon**, licensing technician, Agent Licensing

Beware of shady operators pushing ERISA exempt plans

The health insurance marketplace is facing tough times. Across the country, the cost of health insurance is increasing and consumers cope with difficult choices. Into this climate enter shady operators seeking to take advantage of consumers. Calling themselves “ERISA exempt,” “ERISA plans,” “union plans,” “association plans,” or some variation thereof, these entities boast low rates and minimal or no underwriting.

Remember, if it seems too good to be true, it probably is. There is a good chance these entities are not legitimately exempt from state laws, but instead are offering unlicensed health insurance.

These entities claim they are not subject to state insurance regulation because of ERISA. Some claim that agents are used only as “labor consultants” or “business agents” to “enroll” or “negotiate” with potential members, and not to sell.

Such claims should be viewed with skepticism. The Oregon Insurance Code prohibits soliciting or selling an unau-

thorized insurance product.

Legitimate ERISA plans (plans governed by the federal Employee Retirement Income Security Act of 1974) and union plans may be exempt from state insurance regulation. However, legitimate ERISA or union plans are established by unions for their own members or by an employer for the employer’s own employees. They are not sold by insurance agents.

Read all materials and Web sites of these plans carefully. Carefully investigate any plan that:

- Operates like insurance but claims that it is not.
- Is covered only by “stop loss insurance” or refers to “reinsurance.”
- Targets individuals or groups with employees that have pre-existing conditions.
- Advertises unusually low premiums and/or unusually generous benefits, low (or no) minimum requirements for participation, and loose (or no) underwriting guidelines.

Be wary if you are asked to:

- Avoid certain insurance terminology, even though the plan operates like insurance.
- Sell an “ERISA” plan or “union” plan.
- Sell an “employee leasing” arrangement with self-funded health coverage.

Insurance agents should contact the Oregon Insurance Division any time they are approached by an entity that seems suspicious. If you are asked to sell health coverage that is represented as exempt from insurance regulation under ERISA or as a “union plan,” it is probably illegal.

An agent who sells an ERISA or union plan should expect to lose his or her license, to possibly be subject to criminal prosecution and to face personal liability for any claims incurred under the unlicensed coverage.

Anyone with information about an entity offering health coverage without a license should contact **Douglas Beck**, market analyst in the Consumer Protection Section, (503) 947-7204.

PRODUCER ACTIONS

Walter L. Ellis and Able Truck Insurance Agency, Inc.

Salem, OR

Violation: State of Washington refused to renew his nonresident agent license and revoked the insurance agent license of Able Truck Insurance Agency, Inc.

Penalty: Oregon licenses revoked

Date of order: Jan. 4, 2002

Michael J. DePaolo

Gladstone, OR

Violations: Made misrepresentations on insurance applications. Authorized an unlicensed individual to sell life and health insurance.

Penalty: License revoked

Date of order: Oct. 22, 2001

Michael P. Giannetti

Beaverton, OR

Violation: Continued to transact insurance in Oregon after his license was revoked.

Penalty: Ordered to cease and desist; \$6,000 fine

Date of order: Dec. 19, 2001

Michelle D. Gonzalez

Portland, OR

Violation: Misappropriated premiums.

Penalty: License revoked; \$1,732.39 fine

Date of order: Jan. 7, 2002

Clarence D. Horner

Bend, OR

Violation: Charged a fee without being licensed as an insurance consultant.

Penalty: \$1,000 fine

Date of order: Feb. 5, 2002

Rosa Reyes

Silverton, OR

Violation: Transacted insurance without a license.

Penalty: \$3,000 fine

Date of order: Jan. 4, 2002

William L. Sampson

Medford, OR

Violations: Made a misrepresentation on an insurance application. Failed to respond or promptly respond to inquiries from the DCBS director.

Penalty: \$2,000 fine

Date of order: Jan. 4, 2002

TERRORISM

Continued from Page 1

clusion language for commercial lines developed by the Insurance Services Office (ISO), said **Carl Lundberg**, manager of the Rates & Forms Section.

ISO has indicated that it will allow the use of its copyrighted language by any insurer, including those that aren’t current ISO licensees for policy forms.

NAIC members agreed that terrorism exclusions usually are not necessary for personal lines property and casualty products to maintain a competitive market. In light of the NAIC position, Lundberg said Oregon reviews each filing carefully but generally won’t approve terrorism exclusions for personal lines unless there are unique circumstances.

He said the Rates & Forms Section also looks closely at requests for terrorism exclusions in filings for other products, such as life and disability insurance.

Because Oregon is a small state, only a few terrorism exclusions have been filed, Lundberg said.

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
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 11-2001 — Medicare Supplement Insurance: OAR 836-052-0145, -0160, -0165, -0185

Permanently adopts the complete set of exhibits of the most recent iteration of the NAIC Medicare Supplement Insurance Regulation in order to ensure that the exhibits to Oregon's Medicare supplement insurance rules are up-to-date and complete, and repeals temporary rulemaking to the same end.

Adopted: Sept. 11, 2001. *Effective:* September 24, 2001.

ID 12-2001 — Physician Credentialing, Health Care Service Contractors: OAR 836-052-0700

Adopts recommendations by the Advisory Committee on Physician Credentialing Information established in the Office for Oregon Health Plan Policy and Research to allow the collection of uniform information needed by health care service contractors to credential and re-credential physicians seeking designation as participating providers for health plans. The Oregon Practitioner Credentialing Application and Oregon Practitioner Re-credentialing Application can be accessed on the Web at www.ohpr.state.or.us/advisory/index_advisory.htm.

Adopted: Oct. 10, 2001. *Effective:* Oct. 15, 2001.

ID 13-2001 — Fee Increase for Continuation of Certificate of Authority: OAR 836-009-0007

Increases the current fee for continuation of a certificate of authority from \$1,300 to \$1,500.

Adopted: Nov. 13, 2001. *Effective:* Jan. 1, 2002.

ID 14-2001 — Payment Modes for Portability Health Plans: OAR 836-053-0465, OAR 836-053-0800

Permanently adopts temporary rulemaking that requires insurers offering portability health benefit plans and individual health benefit plans to provide the opportunity to pay premiums on a monthly basis, in addition to any other mode of payment provided by the insurer.

Adopted: Nov. 20, 2001. *Effective:* Nov. 20, 2001.

ID 15-2001 — Uniform Workers' Compensation Statistical Plan: OAR 836-042-0045

Amends the rule that prescribes a uniform statistical plan for workers' compensation insurance as required by ORS 737.225(4), in order to create a better data reporting tool for improved efficiency and data quality. The revisions establish an expanded unit reporting plan, including guidelines for reporting Fraud Amount on claims that have been judicially determined as fraudulent, and provide clearer reporting guidelines and a nationally uniform reporting system.

Adopted: Dec. 13, 2001. *Effective:* Jan. 1, 2002.

ID 1-2002 — Prompt Payment of Health Insurance Claims/Annual Report Sampling Method: OAR 836-080-0080, 836-080-0085

Implements legislation from the 2001 Oregon Legislative Assembly (SB 894) governing requirements for prompt payment of health care providers by health insurers and health care service contractors. Also governs the annual compliance reports that health insurers and health care service contractors are required to file.

Adopted: Jan. 11, 2002. *Effective:* Jan. 15, 2002.

ID 2-2002 — Insurer CPA Annual Audits: OAR 836-011-0160

Temporarily amends the existing rule establishing qualifications of independent certified public accountants (CPAs) for the purpose of annual audits of insurers. One amendment specifically prohibits recognition of an independent CPA with respect to the audit of an insurer if the CPA has entered into an indemnification agreement with the insurer with respect to the audit. The other amendment provides that an agreement between an insurer and a qualified CPA to have disputes relating to an audit resolved by mediation or arbitration shall operate at the option of the statutory successor in the event of a delinquency proceeding commenced against the insurer.

Adopted: Jan. 9, 2002. *Effective:* Jan. 15, 2002, through July 5, 2002.

ID 3-2002 — Model Rules of Procedure: OAR 836-005-0107

Adopts the most recent edition of the Oregon Attorney General's Administrative Law Manual and Uniform and Model Rules Procedures under the *Administrative Procedures Act*, dated Oct. 3, 2001, for the purpose of the activities of the Insurance Division and enforcement of the Insurance Code. This rulemaking is conducted pursuant to ORS 183.341.

Adopted: Jan. 16, 2002. *Effective:* Jan. 24, 2002.

Bulletins

INS 2001-8 (Revised) — Oct. 10, 2001

Withdraws bulletins INS 85-2 and INS 85-5.

INS 2001-9 — Oct. 23, 2001

Withdraws bulletins INS 95-5 and INS 96-1.

INS 2001-10 — Dec. 26, 2001

Explains voluntary expedited filing procedures for exclusions related to acts of terrorism.

INS 2002-01 - Jan. 31, 2002

Explains the Insurance Division's position that an amendment to ORS 743.186(1)(a), enacted by the 2001 Oregon Legislature (SB 267), doesn't require life insurers to amend existing policy language.

STAFF RECOGNITION

Scott chosen as DCBS employee of the month



Margaret Scott

Margaret Scott, a field officer for the Senior Health Insurance Benefits Assistance (SHIBA) program, was named November employee of the month for the Department of Consumer & Business Services (DCBS). The Insurance Division is part of DCBS.

SHIBA provides insurance information, counseling and assistance to people with Medicare through a statewide network of trained volunteers, educational seminars, and a toll-free telephone information line.

Scott has been with SHIBA almost nine years and was instrumental in creating SHIBA's new Web site: oregonshiba.org.

Employees awarded DeAngelo scholarships

Two Insurance Division employees, **Gary Holliday** of the Investigations Unit and **Russel Kennel** of the Consumer Advocacy Unit, have received the second annual Paul DeAngelo Professional Development Scholarship.

A total of 20 scholarships were awarded to staff from 14 insurance departments representing each of the four zones of the National Association of Insurance Commissioners (NAIC).

The professional development scholarship was established in May 2000 by the NAIC Education and Research Foundation in memory of Paul DeAngelo, formerly of the New Jersey Insurance Department, in recognition of his contribu-



Gary Holliday



Russel Kennel

tions to market conduct insurance regulation.

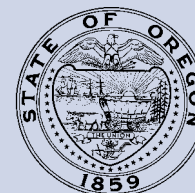
The scholarship enables insurance regulators to attend NAIC-sponsored education programs.

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

Editor
John Piper



The materials published in this newsletter are in the public domain and may be reprinted without permission.

In compliance with the *Americans with Disabilities Act* (ADA), this publication is available in alternative formats. Call (503) 947-7980.

Visit us on the Web:
oregoninsurance.org



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

PRSR STD
US POSTAGE
PAID
SALEM OR
PERMIT NO. 24