

Division will sponsor five bills in 2007 session

The Insurance Division plans to introduce five bills in the Oregon Legislature's upcoming session, which convenes in January 2007. Final drafts of the division's bills were not available as of press time.

Here is a summary of legislation the Insurance Division plans to sponsor:

Health insurance cost transparency

The bill would require health insurers to be more transparent about costs. Consumers, who are increasingly paying a bigger share of health care costs through deductibles and other cost-sharing methods, need to know in advance what their actual out-of-pocket costs will be so they can make more informed choices. Many experts in health care and health insurance have identified transparency as a major strategy to help address the problem of rising health care costs.

The bill also would require insurers to use a standard method to determine the "usual, customary and reasonable" costs for services insurers pay when there is no pre-negotiated price with a provider.

Discount medical plans

The bill would require sellers of discount medical plans to register with the Department of Consumer and Business Services (DCBS). Companies would have to provide a free-look period, plus customer assistance. The bill would also allow DCBS by rule to establish advertising restrictions and disclosure requirements.

Long-term care insurance

The division proposes to amend Oregon's long-term care statutes to respond to changes in federal law, the marketplace, and

consumer expectations. This will enable consumers to benefit from recent federal legislation that allows LTC policyholders, once their benefits are used up, to access Medicaid services without having to exhaust their family assets.

To obtain these benefits, states must amend their laws to include specific consumer protections and policy provisions, as well as training and continuing education requirements for insurance producers who sell long-term care insurance.

Insurance product approvals by rule

The bill would allow Oregon, by administrative rule, to accept certain life, annuity, and disability insurance policy forms that already have been approved by other states under similar or stronger consumer protection standards. Increased collaboration with other insurance regulators will produce a more efficient, effective review process by allowing states to pool resources and eliminate duplication.

Medical malpractice program for rural physicians

The 2003 Oregon Legislature approved a medical professional liability reinsurance program totaling \$40 million for rural physicians for 2004-2007. The bill would extend the program, allowing use of unspent funds until it is phased out not later than Dec. 31, 2013. The bill also would tighten eligibility criteria for rural physicians.

Oregonians will vote in November on initiative to ban credit scoring

Oregonians will vote on a measure to ban use of credit scores in setting insurance premiums in the November 2006 General Election.

Ballot Measure 42 would prohibit insurers and their agents from using the credit score or "credit worthiness" of an insurance policyholder or applicant to calculate rates or premiums. It applies to insurers and agents selling "medical, health, accident, automobile, fire or liability insurance, or any combination of policies providing such coverage to consumers."

Oregon law allows insurers to use credit information when deciding whether to issue a policy to a new applicant, but only if the applicant's credit score is used as part of an evaluation system that also relies on other relevant factors. Insurers are prohibited from using credit records to cancel or not renew existing policyholders or to increase their premiums.

Ballot Measure 42 would take effect 30 days after passage.

A fact sheet about credit scoring is available on the Insurance Division's Web site: insurance.oregon.gov. Click on *What's New*.

Market Regulation managers named



Jan Miller

Jan Miller has been named manager of the Insurance Division's Market Regulation Section. The section includes four units: Consumer Advocacy, Producer Licensing, Market Surveillance, and Rates and Forms.

Miller served as Market Regulation acting manager for nine months. She has been with the Department of Consumer and Business Services since 1979.

Gayle Woods has been named Market Regulation assistant manager. She had been Rates and Forms manager.

Producer Licensing

Schools approved to offer online pre-license training

By Margarita Nuñez

Five schools have been approved to offer online pre-license insurance producer training. These schools are Career Enhancement Center, Eugene Vocational School, Insurance Training Associates LLC, Proschools, and Real Estate and Insurance Training. Because of the high demand for online training, the Insurance Division has provided links to these schools on the Producer Licensing Web page.

Additional schools throughout the state also will be offering this service in the near future. As schools are approved, they will be added to our list of online pre-license training schools.

Nonresident producers can renew electronically

Nonresident producers can now renew their Oregon licenses electronically through the National Insurance Producer Registry (NIPR) at www.licenseregistry.com. There is a fee to use this service. If you submitted your renewal electronically, please don't also mail in another renewal for the same license.

We expect the turnaround time for nonresident renewals to be similar to the current time frame for nonresident license applications. Eighty percent of electronic license applications are being processed within two to three business days.

Payment for electronic renewals can be made with the following credit cards: Visa, MasterCard, and American Express.

Early next year, electronic resident licenses are scheduled to become available through NIPR.

Producer Licensing Web page getting new look

We're redesigning our Licensing Web page to make it easier to find information. We will also be adding an explanation of the license application and renewal processes and expanding the section on continuing education. If you have any comments or suggestions for our Web page, please send them to web.insagent@state.or.us.

Confirming renewal payments not cost effective

We receive numerous requests asking for a receipt for renewal payments. Sending receipts for renewal payments would add unnecessary costs, since we send out about 3,000 renewal notices a month. Your credit card statement or cancelled check is your receipt. Thank you for your understanding.

Certificates needed to prove CE credit

Proof that you passed an exam is not sufficient proof of continuing education credit for renewing a license. Producers need to obtain a continuing education certificate from the CE provider. The certificate ensures that the course being submitted is currently registered with the Insurance Division.

Please submit all CE certificates at one time

Resident producers submitting continuing education certificates can make the process smoother and faster for themselves by sending in all their continuing education certificates at one time. When producers send in certificates separate from the renewal, it slows down the process until the certificates are matched to the license renewal. Please submit all of your paperwork at one time and help us renew your license with ease.

Variable life license requirement clarified

The Insurance Division requires insurance producers to have a variable life license if they are selling or soliciting variable annuities, including group annuities. We have received a number of calls from producers inquiring about whether certain group annuities are required to be registered with the federal government and therefore need a variable life license.

The Insurance Division does not determine whether annuity products are required to be registered with the federal government. If you are unsure if an annuity product should be registered, check with the insurer to see if the product needs to be registered and whether a variable life license is needed.

Local business license not required

We are periodically contacted by cities, counties, and producers inquiring about whether local governments can require licensed insurance producers to obtain a separate business license to sell insurance. Cities and counties cannot require state-licensed producers to obtain an additional license to sell, solicit, or negotiate insurance. Any questions regarding this issue should be directed to the Producer Licensing Unit, (503) 947-7981.

Discover Cards accepted for paper renewals

Renewing a producer license has gotten a little easier. We are now able to accept Discover Cards for renewal payments that are mailed directly to the Insurance Division.

New Employees

- **Shelly Anguiano**, licensing technician/receptionist
- **Sara James**, consumer advocate
- **LeeAnn March**, licensing technician

- **Kathy Mize**, rates and forms analyst
- **Joyce Patton**, senior policy analyst
- **Ellen Quale**, tax analyst
- **Jim Thompson**, licensing coordinator

Insurance Administrator's Column

Legislative proposals address important issues

The start of the 2007 regular session of the Oregon Legislature is just a few months away. The Insurance Division's legislative proposals address a number of important issues, including health care transparency, long-term care insurance, medical discount plans, medical malpractice insurance, and product approval. Please see Page 1 of this issue of the *Regulator* for a summary of our proposed legislation. Also, we'll be posting the final bill drafts on our Web site when they become available.



Credit scoring ban on ballot

Credit scoring has been controversial since insurers first started using the practice for personal lines about a decade ago. Oregon law prohibits insurers from using credit history for existing policyholders, but a measure on the November ballot would also ban its use for rating new applicants. Please see Page 1 for more information on the ballot measure, and visit our Web site (insurance.oregon.gov) for a fact sheet on credit scoring. Just click on *What's New*.

Mental health parity benefits Oregonians

One of the most significant measures passed by Oregon lawmakers in the 2005 session was Senate Bill 1, which requires health insurance policies to cover chemical dependency and mental or nervous conditions at the same level as other medical conditions. Beginning Jan. 1, 2007, Oregon

joins other states that recognize the broad social benefits of mental health parity. The law also should have a positive effect on Oregon's financial bottom line, as individual health problems can be addressed before they reach the crisis stage. Please see Page 8 for more information about our mental health parity rules.

NIPR continues to grow after 10 years

The National Insurance Producer Registry (NIPR) will observe its 10th anniversary in October. NIPR is a nonprofit affiliate of NAIC that operates an electronic clearinghouse that eventually will handle all licensing and renewal processes. In 1997, the first three states began sending in data. Five years later, the system had grown to include licensing data for all 50 states, the District of Columbia, and Puerto Rico. In 2005, about 1,400 insurers made more than 5.3 million inquiries, more than 6 million appointments and terminations were processed, and more than 400,000 producers obtained nonresident licenses electronically.

As president of the NIPR board from 2003-2005, I had the opportunity to be part of NIPR's tremendous growth. I'm confident NIPR will continue to expand and enhance its services to producers, insurers, and regulators as it enters its second decade.

Joel Ario
Insurance Administrator

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 Manager.....Ron Fredrickson
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 Manager..... Margarita Nuñez

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 Manager..... vacant

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

Financial Regulation
 Information.....(503) 947-7982
 Manager..... Russell Latham
 Assistant ManagerAnnette Boyce

Employment opportunities
 Brenda Myers(503) 947-7202

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

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

Department of Consumer &
 Business Services Web site
www.oregon.gov/DCBS

Oregon Government Web site
www.oregon.gov

Administrative Rules

Rules recently adopted or amended by the Insurance Division are summarized below. Rules are available on our Web site, insurance.oregon.gov.

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

Substantive rules are listed first, followed by technical rules.

ID 13-2005 — Charging and Disclosure of Fees by Insurance Producers and Consultants: OAR 836-071-0263 and OAR 836-071-0277

Permanently adopts temporary rules establishing disclosure requirements for producers and consultants who receive compensation from both a customer and an insurer for the same transaction. The entire amount, including any contingent compensation, must be disclosed in advance to the customer.

Adopted: Dec. 21, 2005

Effective: Jan. 15, 2006

ID 2-2006 — Pre-Examination Training for Insurance Producers: OAR 836-071-0180

Allows license applicants to qualify for the exam by completing an online self-study program.

Adopted: Jan. 26, 2006

Effective: Jan. 31, 2006

ID 07-2006 — Annual Reporting by Health Insurers: OAR 836-053-1400

Prescribes the format for annual reports required by 2005 legislation to be filed by carriers offering health plans.

Adopted: April 10, 2006

Effective: April 14, 2006

ID 09-2006 — Mandated Health Insurance Coverage: OAR 836-053-0003 and 836-053-0460

Affirms the statutory prohibition against use of a policy exclusion or waiver for pregnancy and childbirth expenses.

Adopted: April 24, 2006

Effective: May 1, 2006

ID 12-2006 — Recoupment of OIGA Assessments: OAR 836-031-0855

Amends a rule governing treatment of excess collections from policyholders to

recoup assessments by the Oregon Insurance Guaranty Association.

Adopted: June 20, 2006

Effective: June 26, 2006

ID 13-2006 — Mental or Nervous Conditions and Chemical Dependency: OAR 836-053-1404 and 836-053-1405, OAR 836-053-1325 and 836-053-1330

Implements ORS 743.556 that requires group health policies to cover treatment for chemical dependency and mental or nervous conditions at the same level as other medical conditions. (See story, Page 8.)

Adopted: July 14, 2006

Effective: Jan. 1, 2007

ID 14-2006 — Coordination of Health Insurance Benefits: OAR 836-020-0770 through 836-020-0806

Adopts rules governing coordination of health insurance benefits and repeals existing rules.

Adopted: July 5, 2006

Effective: July 20, 2006

ID 16-2006 — Regulation of Insider Trading and Proxy Voting for Domestic Insurers: OAR 836-024-0003 through 836-024-0220

Adopts rules that implement Oregon statutes governing insider trading of equity securities of domestic stock insurers (ORS 732.420 to 732.455).

Adopted: July 20, 2006

Effective: Aug. 7, 2006

Technical Rules

ID 1-2006 — Annual Statements and Supplements: OAR: 836-011-0000

Adopted: Dec. 21, 2005

Effective: Jan. 23, 2006

ID 3-2006 — Standards for Custodial Arrangements Used for Holding Securities: OAR 836-027-0200

Adopted: Feb. 2, 2006

Effective: Feb. 13, 2006

ID 4-2006 — Credit Scoring: OAR 836-080-0430 and 836-080-0438

Adopted: March 8, 2006

Effective: March 10, 2006

ID 05-2006 — Long-Term Care Insurance Rules Corrections: OAR 836-

052-0676 and 836-052-0696

Adopted: March 9, 2006

Effective: March 20, 2006

ID 06-2006 — Change of Billing Date for DCBS Assessment from Sept. 1 to Oct. 1: OAR 836-009-0011

Adopted: April 10, 2006

Effective: April 14, 2006

ID 08-2006 — Attorney General's 2006 Model Rules of Procedure: OAR 836-005-0107

Adopted: April 21, 2006

Effective: April 27, 2006

ID 10-2006 — Workers' Comp Insurance Rates and Ratemaking: OAR 836-042-0015 and 836-042-0045

Adopted: June 1, 2006

Effective: June 6, 2006

ID 11-2006 — Regulation of Charitable Annuities Under the Insurance Code: OAR 836-080-0501 & 836-051-0400

Adopted: June 1, 2006

Effective: June 26, 2006

ID 15-2006 — Life Settlement Contracts: OAR 836-014-0200 through 836-014-0320, and OAR 836-050-0000 through 836-050-0020

Adopted: July 7, 2006

Effective: July 27, 2006

ID 17-2006 — Notice to be Posted by Auto Rental Agencies: OAR 836-200-0100

Adopted: Aug. 9, 2006

Effective: Aug. 11, 2006

ID 18-2006 — Service Contracts; Proof of Financial Stability: OAR 836-200-0020

Adopted: Sept. 7, 2006

Effective: Sept. 8, 2006

Former insurance producer charged with theft, forgery

Oregon State Police arrested a Lane County insurance producer and funeral home owner Sept. 25 following allegations that she filed false insurance claims. Carolyn R. Franklin, also known as Carolyn R. Hardman, was charged with five counts of first-degree theft and five counts of first-degree forgery.

The Insurance Division revoked Franklin's Oregon producer license Sept. 26 and has shared the results of its investigation with the Oregon State Police.

Recent rate activity for top 10 automobile insurers in Oregon

Domicile, direct premium written as of December 2005¹, market share, recent rate changes, effective dates

Company	Dom	Oregon premium	Market share	Rate change ²	New business	Renewal
1 State Farm Mutual Auto Ins Co	IL	337,255,588	17.7%	-3.1%	09/18/06	09/18/06
2 Farmers Ins Co of OR	OR	258,844,066	13.6%	3.4%	06/01/06	06/01/06
3 Safeco Ins Co of OR	OR	153,907,753	8.1%	-1.7%	11/1/05	12/01/05
4 Allstate Ins Co	IL	102,498,814	5.4%	NA	NA ³	NA
5 American Family Mutual Ins Co	WI	71,685,187	3.8%	-0.1%	06/10/06	06/10/06
6 Progressive Halcyon Ins Co	OH	65,621,157	3.4%	-3.4%	11/17/05	01/16/06
7 Mid-Century Ins Co	CA	59,981,417	3.1%	6.4%	06/01/06	06/01/06
8 Allstate Prop & Cas Ins Co	IL	54,645,365	2.9%	3.3%	05/08/06	06/12/06
9 Progressive Northern Ins Co	WI	49,374,483	2.6%	5.0%	01/12/06	01/12/06
10 Country Mutual Ins Co	IL	42,866,445	2.2%	0.3%	10/15/05	10/15/05
TOP 10		1,196,680,275	62.7%	-0.1%		
TOTAL 288 companies		1,885,621,212				

Recent rate activity for top 10 homeowner insurers in Oregon

Domicile, direct premium written as of December 2005⁴ market share, recent rate changes, effective dates

Company	Dom	Oregon premium	Market share	Rate change ²	New business	Renewal
1 State Farm Fire and Cas Co	IL	130,464,842	25.2%	-2.4%	05/15/06	07/01/06
2 Farmers Ins Co of OR	OR	71,668,706	13.9%	-4.4%	03/16/06	07/18/06
3 Safeco Ins Co of OR	OR	34,540,096	6.7%	-3.0%	06/08/06	09/27/05
4 Allstate Ins Co	IL	29,880,276	5.8%	NA	NA ³	NA
5 American Family Mutual Ins Co	WI	22,377,064	4.3%	-0.3%	02/01/06	02/01/06
6 Allstate Indemnity Co	IL	20,923,257	4.0%	NA	NA	NA
7 Country Mutual Ins Co	IL	19,582,577	3.8%	-5.1%	10/15/05	10/15/05
8 Foremost Signature Ins Co	MI	17,884,382	3.5%	NA	NA	NA
9 United Services Auto Assoc	TX	11,343,922	2.2%	0.0%	04/01/06	04/01/06
10 Mutual of Enumclaw Ins Co	WA	10,953,622	2.1%	-10.1%	07/06/05	07/06/05
TOP 10		369,618,744	71.5%	-2.6%		
TOTAL 123 companies		517,187,023				

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

- 1 Includes motorcycle, light trucks, recreational vehicles, and motor homes. Rate activity is for personal auto insurance.
- 2 Indicates overall rate change. Individual policyholders may experience rate changes higher or lower than the average.
- 3 As of April 1, 2006, new business is written only in Allstate Property & Casualty Insurance Co.
- 4 Includes renters, condos, manufactured homes, and coverages such as boats, golf carts, and jewelry. Rate activity applies to homeowner coverages only.

Enforcement Actions

Recent enforcement actions are summarized below. All administrative orders are available on the Insurance Division's Web site, insurance.oregon.gov. Click on *Orders*.

INSURERS

Ameritas Life Insurance Corp.

Lincoln, NE

Violation: Issued a group health insurance policy to an unapproved association.

Penalty: \$5,000 fine

Date of order: March 1, 2006

Central Oregon Independent Health Services Inc. dba Clear Choice Health Plans

Bend, OR

Violation: Filed notice of intra-holding company system transaction (Form D) late.

Penalty: \$5,000 fine

Date of order: June 27, 2006

Central United Life Insurance Co.

Houston, TX

Violation: Issued a group health insurance policy to an unapproved association.

Penalty: \$5,000 fine

Date of order: March 21, 2006

The Chesapeake Life Insurance Co.

Richland Hills, TX

Violation: Issued group health insurance policies to unapproved associations.

Penalty: \$45,000 fine

Date of order: July 10, 2006

Combined Insurance Company of America

Glenview, IL

Violation: Failed to annually file Medicare supplement rates.

Penalty: \$9,000 fine

Date of order: June 13, 2006

Golf Marketing Worldwide LLC

Norwalk, CT

Violation: Transacted insurance in Oregon as an insurer without a license.

Penalty: Ordered to immediately cease and desist from transacting insurance in Oregon as an insurer without a license.

Date of order: June 12, 2006

Hartford Life and Accident Insurance Co.

Simsbury, CT

Violation: Issued group health insurance policies to unapproved associations.

Penalty: \$17,500 fine

Date of order: March 15, 2006

Liberty Life Insurance Co.

Greenville, SC

Violation: A target multi-state market conduct examination found that Liberty Life did not pay premium taxes from 1998 to 2002 on certain complimentary accidental death insurance provided to mortgage loan customers. Liberty entered into a regulatory settlement agreement with South Carolina and other participating regulators.

Penalty: Liberty Life agreed to take certain corrective actions and make an administrative payment of up to \$3,075,950 to the participating states, of which \$126,127 was allocated to Oregon.

Date of order: Jan. 24, 2006

LifeWise Health Plan of Oregon Inc.

Portland, OR

Violation: Failed to acknowledge and act promptly on claim communications.

Penalty: \$20,000 fine

Date of order: May 22, 2006

National Union Fire Insurance Company of Pittsburgh, PA

New York, NY

Violation: Issued group health insurance policies to unapproved associations.

Penalty: \$30,000 fine

Date of order: Sept. 27, 2006

Pacific Grocers Employee Benefits Trust

Seattle, WA

Violation: Transacted insurance in Oregon as an insurer without a license. Filed financial documents late.

Penalty: \$16,400 fine

Date of order: June 13, 2006

The Western and Southern Life Insurance Co.

Cincinnati, OH

Violation: Issued insurance policies with racially differentiated premiums.

Penalty: The Ohio Department of Insurance, on behalf of other state insurance regulators, entered into a multi-state Regulatory Settlement Agreement with

WSLIC on Aug. 24, 2005. WSLIC agreed to take certain corrective actions; provide certain remedial benefits totaling a minimum of \$2 million; and pay an administrative penalty totaling \$400,000. Oregon's share of the administrative penalty was \$1,000.

Date of order: Jan. 3, 2006

Zurich American Insurance Co. and its insurance subsidiaries

Schaumburg, IL

Violation: Zurich and its subsidiaries allegedly participated in anti-competitive practices relating to contingent compensation. The NAIC Broker Activities Task Force, in coordination with state attorneys general and insurance regulators, negotiated a multi-state regulatory settlement.

Penalty: Zurich agreed to pay \$151.7 million to policyholders nationwide. Oregon policyholders are estimated to receive \$821,339, subject to court approval. Zurich also agreed to implement a compliance program; to cease and desist from knowingly giving fictitious quotes, agreeing to rig quotes, or participating in any so called "pay-to-play" schemes; to cooperate with the participating states and reimburse investigative costs; and to disclose base and contingent compensation to all commercial insureds.

Date of order: June 27, 2006

PRODUCERS

AmeriTitle Inc.

Bend, OR

Violation: Gave a thing of value to an intermediary.

Penalty: \$1,500 fine

Date of order: Aug. 9, 2006

Aon Corporation and its subsidiaries and affiliates

Chicago, IL

Violation: The insurance regulators and attorneys general of Connecticut, Illinois, and New York alleged that Aon unlawfully steered clients' insurance business to favored insurers. Aon entered into a settlement agreement with the three states dated March 4, 2005. Subsequently, Aon entered into an

Please see ENFORCEMENT, Page 7

Enforcement

Continued from Page 6

NAIC-facilitated multi-state regulatory settlement agreement (RSA) dated May 5, 2006, with the insurance regulator of Connecticut and other participating state insurance regulators. The RSA adopted the agreement between Aon and Connecticut, Illinois, and New York.

Penalty: Aon agreed to pay remedial benefits, take corrective actions, and make periodic reports to regulators.

Date of order: July 27, 2006

American Title Group Inc.

Eugene, OR

Violations: Withheld money. Failed to own and maintain a title plant. Failed to deposit premiums in a trust account. Failed to completely respond to an inquiry from the DCBS director. Gave a thing of value to an intermediary. Failed to notify the DCBS director of the authorization and termination of an insurance producer.

Penalty: \$15,000 fine. In lieu of further enforcement action, American Title Group agreed to surrender its license.

Date of order: Feb. 21, 2006

Timothy L. Bettis

Portland, OR

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

Penalty: License revoked

Date of order: July 24, 2006

Philip S. Dollar

Portland, OR

Violation: Used a dishonest practice in the conduct of business.

Penalty: \$4,000 fine

Date of order: March 13, 2006

Larry K. Dunstan and Multi-Tech Insurance Services Inc.

West Linn, OR

Violations: Dunstan commingled premiums with other money in a trust account. Multi-Tech did not report Dunstan's violation to the DCBS director and did not take corrective action.

Penalty: Licenses revoked

Date of order: April 10, 2006

Fidelity National Title Company of Oregon

Portland, OR

Violation: Gave a thing of value to an intermediary.

Penalty: \$6,000 fine

Date of order: June 27, 2006

Carolyn R. Franklin, also known as Carolyn R. Hardman

Springfield, OR

Violations: Used a fraudulent or dishonest practice in the conduct of business. Forged another person's name on an insurance application or related document. Failed to respond to an inquiry from the DCBS director.

Penalty: License revoked

Date of order: Sept. 26, 2006

Angie M. Hart

Sandy, OR

Violation: Used a fraudulent practice in the conduct of business.

Penalty: License revoked

Date of order: April 13, 2006

Michael T. Hinchliffe

Portland, OR

Violation: Forged another person's name on an insurance application or related document.

Penalty: \$2,000 fine

Date of order: Sept. 26, 2006

Kyle E. Hughes

Salem, OR

Violation: Used fraudulent or dishonest practices in the conduct of business.

Penalty: License revoked

Date of order: Aug. 1, 2006

John L. Jenkins

Portland, OR

Violation: Acted incompetently or untrustworthily.

Penalty: \$2,000 fine

Date of order: Aug. 22, 2006

Paul J. Krupicka Jr.

Oregon City, OR

Violations: Used a dishonest practice and demonstrated untrustworthiness in the conduct of business.

Penalty: License revoked

Date of order: March 13, 2006

LaPorte & Associates Inc.

Portland, OR

Violations: Failed to pay premiums owed to insureds within 30 days. Used a dishonest practice in the conduct of business.

Penalty: \$7,000 fine

Date of order: April 19, 2006

Shannon M. Lavorico

Roseburg, OR

Violation: Committed fraud related to insurance.

Penalty: License revoked

Date of order: April 17, 2006

Robert H. Lilly

Gresham, OR

Violation: Used a dishonest practice in the conduct of business.

Penalty: License revoked

Date of order: March 20, 2006

Kelly J. Mack

Sutherlin, OR

Violation: Misappropriated premiums.

Penalty: License revoked

Date of order: Dec. 21, 2005

James W. Malanowski

Portland, OR

Violation: Demonstrated incompetence or untrustworthiness in the conduct of business.

Penalty: \$1,000 fine

Date of order: June 27, 2006

Katherine C. McClaran

Ashland, OR

Violation: Used a dishonest business practice.

Penalty: License revoked; \$3,000 fine

Date of order: June 26, 2006

Candelario Mendez Jr.

Keizer, OR

Violation: Used a fraudulent practice in the conduct of business.

Penalty: License revoked

Date of order: April 17, 2006

Jameson D. Mills

Portland, OR

Violation: Used a fraudulent practice in the conduct of business.

Penalty: License revoked

Date of order: May 17, 2006

William L. Sampson

Gold Hill, OR

Violation: Forged a person's name on an insurance application or related document.

Penalty: License revoked

Date of order: May 22, 2006

Paul A. Wieck

Portland, OR

Violation: Used a fraudulent practice in the conduct of business.

Penalty: License revoked

Date of order: Jan. 19, 2006



DEPARTMENT OF
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Rules adopted for mental health parity

The Department of Consumer and Business Services (DCBS) has adopted administrative rules to implement the mental health parity bill passed by the 2005 Oregon Legislature. Senate Bill 1 requires group health insurance policies to cover treatment of chemical dependency and mental or nervous conditions at the same level as other medical conditions.

Prior to passage of SB 1, Oregon law included “caps” that limited what group health insurers were required to cover for mental health conditions and chemical dependency. No such limits existed for coverage of other medical conditions.

DCBS appointed an advisory committee to help draft the administrative rules. The committee consisted of representatives from mental health and consumer advocacy organizations, health care providers, employers and insurers.

“The committee developed rules that balance the Legislature’s intent to cover services with giving insurers the flexibility to manage costs,” said Oregon

Insurance Administrator **Joel Ario**.

The bill applies to group health insurance policies issued or renewed on or after Jan. 1, 2007.

Key provisions of the new administrative rules require:

- Group health insurance policies to cover a broad range of disorders identified in the comprehensive “Diagnostic and Statistical Manual of Mental Disorders” published by the American Psychiatric Association. Examples include childhood developmental disorders such as autism, eating disorders, dementia and other cognitive disorders, substance-related disorders, schizophrenia and other psychotic disorders.
- Group policies to include language stating that medical, mental, or nervous conditions and chemical dependency will be treated the same as other health conditions.
- Health insurers to have claims’ handling and operational procedures in place to ensure uniform application of coverage.

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