



**Message from
Acting Oregon Insurance Division
Administrator**

January 2009

Happy New Year! As the 2009 legislative session begins, the Insurance Division is in the process of fine-tuning proposed legislation, making internal improvements to our rate review process and preparing for an upcoming public hearing on a health insurance rate increase.

2009 Legislation

Last month I shared our legislative proposals to strengthen the state's health insurance rate review standards and process. This month, I wanted to discuss two additional proposals the department will be making during the 2009 legislative session – one related to auto “total loss” claims and the other limiting the amount domestic insurers can invest in common stocks.

Total Loss: One of the most common complaints we receive from consumers is the value placed on vehicles that are declared “total losses” by insurance companies. The department is proposing to require insurers to give motor vehicle owners information on how totaled vehicles are valued. When the insurer and consumer disagree on the value of the vehicle, insurers would be required to pay any undisputed amount while negotiations continue. Finally, insurers would have to pay reasonable appraisal costs if the final appraised value of a vehicle is greater than the insurer's final offer.

Based on discussions with stakeholders, the department will propose amendments to the bill, including the following:

- Clarification that the department will develop in rulemaking a standard notice that insurers must provide to consumers. We envision the notice as an easy to read, one page document providing answers to questions most frequently asked by consumers, such as what is a vehicle total loss, what choices do consumers have with regard to the disposition of the totaled vehicle, how is value determined, what alternatives are available when consumers and insurers disagree over the value of the vehicle, and where can consumers go for help.
- Clarification that in exchange for the payment of the undisputed amount, the vehicle owner must provide title to the insurer unless the insurer and owner agree that the owner will keep the vehicle.
- Rather than mandating the requirements for payment of the undisputed amount and reimbursement for reasonable appraisal costs be included in the insurance policy (requiring new policies to be issued), those requirements will simply be the law.

Investments in common stocks: The recent economic downturn has shown the risks for insurance companies from over-investment in common stocks. As the Insurance Division continues to analyze the financial condition of insurers, we will ask the legislature to consider adopting limits on insurer investments in stocks to ensure that insurers maintain the financial resources needed to meet their obligations to policyholders during turbulent economic times. The Division proposes to limit the amount of total admitted assets that domestic insurers can invest in common stocks to no more than 20 percent for life and health insurers and 25 percent for property and casualty insurers.

By the way, our Web site tracks the bills proposed by the Insurance Division as well as other key proposals that impact insurance. We will post our testimony, as well. Visit our home page at www.insurance.oregon.gov. Click on *Oregon Legislature* in the left column.

Internal Improvements to our Rate Review Process

In addition to our legislative proposals to strengthen our rate review standards and process, the department is taking steps to improve our internal rate review process. Actions we are taking include:

- Standardizing the process to ensure filings are reviewed in a consistent manner;
- Documenting the decision made by the department, including a written narrative of the filing and support for approval or disapproval of the filing;
- Posting a summary document on the department's Web page that provides a written narrative of the filing and including support for the department's decision. These documents will be part of the rate filings that can be viewed on our Web site.

Regence hearing

A Regence BlueCross BlueShield policyholder last summer requested a hearing on our approval of a July 1, 2008, rate increase for Regence individual health plans. The increase amounted to a 26.5 percent annual increase. The hearing before an administrative law judge is scheduled for February 4, 2009 in Tualatin. Following the hearing, the administrative law judge will make a recommendation on the rate issue. The director of the Department of Business and Consumer Services (Oregon's insurance commissioner) will make the final decision regarding the rate increase.

As always, I am interested in any feedback you have on our 2009 legislation or our health insurance rate review process. The attachments to this e-mail discuss our proposals to strengthen our statutory rate review standards, increase scrutiny of insurer administrative expenses and allow an opportunity for public input into the process and the internal improvement we are making to our rate review process.

I look forward to seeing you at the Capitol!

Teresa