



**Message from
Acting Oregon Insurance Division
Administrator**

December 2008

One of my goals as we prepare for the 2009 legislative session and beyond is to keep stakeholders posted on developments in the division and major issues we face as regulators. I hope you find these periodic updates useful.

2009 Legislature/Health Insurance in Oregon report

As we head into the session and update our annual *Health Insurance in Oregon* report, you'll see some key themes - many revolve around our health insurance rate review process and continuing efforts to make the process more transparent. In the 2009 report, you will see discussions of the following:

- ▶ The department's health insurance rate review standards could be strengthened to ensure the department has the authority it needs to keep rates adequate to address solvency issues yet low enough to protect consumers from excessive rate increases by listing the key factors in statute that are routinely addressed in the department's review of rate requests and expanding those factors to include items such as investment income and insurer profits.
- ▶ The Oregon Health Fund Board recommended the legislature authorize the department to regulate the annual growth rate in administrative expenses charged by health insurers. The department agrees with the Board's recommendation and believes it is time to provide greater scrutiny of these expenses even though they are a relatively small percentage of premium costs.
- ▶ Although the public can review proposed rate filing information online, there is currently no opportunity for the public to comment on the filings until after the department takes action. Allowing the public to comment on proposed rate increases before the department takes action would provide additional transparency and public accountability to the rate review process.
- ▶ The Insurance Division is closely monitoring the financial status of Oregon's domestic insurers during the current financial downturn. The increase in volatility of the financial markets has caused debt and equity investment valuation changes. For example, during the nine-month period ending September 30, 2008, a number of Oregon's largest domestic health insurers lost surplus as a result of investment losses. ***Even with these reductions in surplus, these insurers possessed well above the minimum required surplus.*** Note: The information insurers reported as of September 30, 2008, might be significantly different than current capital and surplus. Much of the reduced investment values occurred after September 30, 2008 and will be reflected in annual statements filed as of December 31, 2008.

Jim Swenson

I mentioned in a prior e-mail that Jim Swenson is consulting with the Division and will be assisting with policy development and internal process improvements over the next several months. To complement the statutory changes suggested above, I have asked Jim to assist us in standardizing and improving our internal rate review process.

Happy Holidays

I wish you a relaxing holiday season and look forward to working with you in 2009. As always, feel free to contact me anytime. Your input is greatly valued!

Teresa Miller
Acting Insurance Division Administrator