

HOUSE COMMITTEE ON
COMMERCE SUB-COMMITTEE ON BUSINESS

Hearing Room
Tapes - 4

MEMBERS PRESENT:

REP. LYNN LUNDQUIST, Chair
REP. TONY FEDERICI, Vice-Chair
REP. LARRY WELLS
REP. LYNN SNODGRASS
REP. ELDON JOHNSON

MEMBER EXCUSED:

STAFF PRESENT:

DANIEL JARMAN, Committee Administrator
JODIE HALL, Committee Assistant

MEASURES HEARING:

Public Hearing
HB 2034
HB 2035

Work Session:

HB 2033
HB 2034

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks

report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE , A

000 CHAIR LUNDQUIST: OPENS MEETING AT 1:30 PM

019 OPENS PUBLIC HEARING ON HB 2034

WITNESSES

MARY ALICE BJORK, Director, Insurance Division, Department of Consumer and Business Service.

KEITH BURNS, American Council of Life Insurers

AL THOMPSON, Standard Insurance Company

BRUCE BISHOP, Kaiser Permanente

CINDY ZIEL, PACC Health Plans

THOMAS ERWIN, Oregon Insurance Consumer Advocate

023 MARY ALICE BJORK, Administrator, Insurance Division, Department of Consumer and Business Service: HB 2034 gives the Director DCBS the authority to regulate the transfers of policies among insurance companies.

Proposed 24 months for the consumer to consent to transfer.

081 -continues explanation of HB 2034.
094 -responds to Rep. Wells inquiry concerning motivation for companies to transfer policies.
110 -HB 2034 mostly directed to Life Insurance agencies.
128 -in response to Rep. Federici: if a policy holder does not concede to the transfer then the company cannot transfer on an individual policy.
140 -to clarify 12 VS 24 month coverage for Chair Lundquist, some states felt 36 was too long, others felt 12 months was too short.

154 KEITH BURNS, American Council of Life Insurers: Reads from Exhibit A. Makes reference to Exhibit B, LC 2034-1 amendment to HB 2034.
221 -continues with Exhibit A.
238 -SUPPORT HB 2034 with LC 2034-1 amendment (Exhibit B).
260 -in response to Rep. Federici, ACLI is lobbying many states for 12 months. Most states have 24 months.
-responds to Rep. Federici concerning policy holders who do not concede with transfer.

313 AL THOMPSON, Standard Insurance Company: Introduction of Standard. SUPPORT HB 2034 with LC 2034-1 amendment (Exhibit B).

335 BRUCE BISHOP, Kaiser Permanente: Has concerns with amendment in Section 13 of the bill that applies Section 2-8 to Health Service Contractors.
-concerns with line 16 & 17 in Section 1.
389 -concerns with languages that affects Health Service Contractors.

401 BJORK: In response to Rep. Johnson's inquiry on DCBS's interpretation of line 16 & 17 of Section 1. Means that a company that is licensed in this state could not transfer a block of policy holders to another state.
445 -in response to Rep. Federici concerning insurers in neighboring states: DCBS would want insurers to be licensed in Oregon.

TAPE 4, SIDE A

025 CINDY ZIEL, PACC Health Plans: SUPPORT HB 2034.
-offers a technical change (within Exhibit C) to allow people who have to file under this bill for reinsurance transaction who are also in the middle of a merger transaction to be able to file forms at the same time under the same heading.

065 BJORK: Response to Cindy Ziel. They do file forms at the same time.

066 REP. JOHNSON: FOR THE RECORD: You would agree to follow that practice and continue to allow these forms to be filed at the same time?

068 BJORK: Yes.

076 THOMAS ERWIN, Oregon Insurance Consumer Advocate: SUPPORT HB 2034. Should be up to the policy holder to make changes as they feel as most appropriate for them.

119 CHAIR LUNDQUIST: Clarifies Committee Rules to request amendments 48 hours in advance of a work session.

137 REP. JOHNSON: Suggests to committee members to note who proposed each specific amendments.

151 CLOSES PUBLIC HEARING ON HB 2034

156 OPENS PUBLIC HEARING ON HB 2035

WITNESSES

MARY ALICE BJORK, Director, Insurance Division, Department of Consumer and Business Services
DOUG ZEH, Oregon HIV Advocacy Center
LEWIS LITTLEHALES, Program Executive, Department of Consumer and Business Services

158 MARY ALICE BJORK, Director, Insurance Division, Department of Consumer and Business Services: HB 2035 would regulate the practice of selling ones

life insurance for a cash sum. Viatical settlement used to describe this practice.

209 -continues with overview of HB 2035.

231 -would make this practice legal in Oregon.

245 -in response to Rep. Federici, organizations have contacted DCBS concerning this amendment, must be licensed as an insurance agency.

Approximately 12 states have this law.

268 -response to Rep. Federici. Even insurance agents must be licensed as an intermediary, Section 3, page 2.

315 -in response to additional questions from Rep. Federici concerning selling insurance policies to relatives.

343 -responds to Rep. Wells inquiry in Section 2, a licensee costs \$60 per year.

386 -referring to Page 2, Line 4, responds to Rep. Lundquist's inquiry concerning an individual entering into more than one policy.

425 -in response to Rep. Wells, concerning changing beneficiaries, people who are licensed file a report with us. The industry works with DCBS to report beneficiaries.

-in response to Rep. Federici: money received in one lump sum.

TAPE 3, SIDE B

060 REP. JOHNSON: Requests the fee figures and estimates of activity to be detailed when preparing the fiscal statement. Wants complete information for the carrier of the bill.

083 BJORK: Chair Lundquist's inquires about impact of Measure 16. Not sure what sort of impact Measure 16 will have on this bill.

107 DOUG ZEH, Oregon HIV Advocacy Center: SUPPORT HB 2034. Believes this is a consumer protection act.

156 -believes people can use all the protection they can get.

172 BJORK: In response to Chair Lundquist's question, no restrictions on physicians as an intermediary.

175 LITTLEHALES: No restriction on physicians.

191 CLOSES PUBLIC HEARING ON HB 2035

197 OPENS WORK SESSION ON HB 2033

WITNESSES

MARY ALICE BJORK, Administrator, Insurance Division, Department of Consumer and Business Services

LEWIS LITTLEHALES, Program Executive, Insurance Division, Department of Consumer and Business Service.

201 MARY ALICE BJORK, Administrator, Insurance Division, Department of Consumer and Business Services: Introduces Lewis Littlehales.

203 LEWIS LITTLEHALES: Program Executive, Insurance Division, Department of Consumer and Business Services: Responds to concerns of Health Care Service Contractors utilizing memo on Section 3, Exhibit D.

270 -needs early warning for Health Care Service Contractors.

277 REP. JOHNSON: Do these amendments (Exhibits E and F) address the

concerns of Health Service Contractors?

292 LITTLEHALES: Section establishes confidentiality. Confidentiality section is then made applicable to Health Care Service Contractors.

350 REP. JOHNSON: Do you support any of the amendments proposed by PACC, LC 2033 - 2 and LC 2033-3? (Exhibit E and Exhibit F respectfully.)

361 LITTLEHALES: Oppose amendments LC 2033-2 and LC 2033-3.

390 LITTLEHALES: Responds to Rep. Wells inquiry concerning Section 9 of the bill.

-had not discussed section 9 with Health Service Contractors until it was printed, these extra sections were added after the October meeting where Mr. Bishop was present.

465 -in response to Chair Lundquist and Rep. Wells: Health Care Service Contractors see Section 3 as more than DCBS sees it.

TAPE 4, SIDE B

050 BJORK: In response to Chair Lundquist, this report is on something that has already happened that will be reported on the annual and semi-annual statements.

063 REP. WELLS: Concerned that all agencies may not have been worked with.

073 DAN JARMAN, Committee Administrator: Clarifies Amendment LC 2033-1, Exhibit G.

-clarifies amendment for Rep. Wells.

-in response to additional question: LC 2033-2 and LC 2033-3 were submitted by PACC.

107 MOTION: REP SNODGRASS: Moves the adoption of LC 2033-1 amendments, Exhibit G.

113 VOTE: In a roll call vote all members present vote AYE.

117 MOTION: REP. WELLS: Moves the adoption of LC 2033-2 amendments, Exhibit E.

134 REP. WELLS: Speaks on his motion.

139 CHAIR LUNDQUIST: Looks upon this bill as a protection bill for the consumer.

148 REP. WELLS: Responds to Chair Lundquist.

166 REP. SNODGRASS: Requests Littlehales to clarify authority DCBS currently has over Health Care Service Contractors.

176 LITTLEHALES: DCBS already has the authority for these rules in the ORS.

185 VOTE: In a roll call vote, REP. WELLS votes AYE. REP FEDERICI, REP. SNODGRASS, CHAIR LUNDQUIST vote NAY.

192 MOTION: REP. WELLS: Moves the adoption of LC 2033-3 amendments, Exhibit F.

194 JARMAN: The amendment would require the Health Care Service Contractors to file the documents they currently file.

200 ZIEL: Clarifies LC 2033-3 amendment. Difference of opinion concerning the authority of DCBS in rule making over Health Care Service Contractors.

In DCBS's reading of the bill, they believe they currently have the authority to make any requirements they want Health Service Contractors to file. LC 2033-3 will not have any affect.

243 REP. WELLS: withdraws his motion to adopt LC 2033-3 amendments.

261 MOTION: REP. SNODGRASS: Move to send HB 2033, AS AMENDED to the full Committee on Commerce.

280 VOTE: In a roll call vote, all members vote AYE.

314 CHAIR LUNDQUIST: Chair Lundquist is to carry HB 2033 as amended to the full Committee.

334 OPENS WORK SESSION ON HB 2034.

346 MOTION: REP. WELLS: Adopt amendments LC 2034-1 sponsored by Keith Burns, American Council of Life Insurers.

360 VOTE: In a roll call vote, all members present vote AYE.

376 MOTION: REP FEDERICI: Move to send HB 2034 AS AMENDED to the full Commerce Committee.

-bill must have a fiscal impact statement to be sent to the full committee.

-Rep. Federici requested motion to be carried over to the next committee meeting.

413 CHAIR LUNDQUIST: ADJOURNS MEETING AT 3:20.

Submitted by, Reviewed by,

JODIE HALL DANIEL JARMAN
Committee Assistant Committee Administrator

EXHIBIT SUMMARY:

A - TESTIMONY - Keith Burns - 2 pages

B - LC 2034-1 AMENDMENTS - Staff - 1 page

C - PACC HEALTH PLANS - Cindy Ziel - 3 pages

D - APPLICATION TO HEALTH CARE SERVICE PROVIDERS - Department of Consumer and Business Services - 2 pages

E - LC 2033- 2 AMENDMENTS - Staff - 1 page

F - LC 2033-2 AMENDMENTS - Staff - 1 page

G - LC 2033-1 AMENDMENTS - Staff - 1 page