

HOUSE COMMITTEE ON  
COMMERCE SUB-COMMITTEE ON BUSINESS

Hearing Room  
1:35 PM Tapes -16

MEMBERS PRESENT:

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

MEMBER EXCUSED:

STAFF PRESENT:

DANIEL JARMAN, Committee Administrator  
JODIE HALL, Committee Assistant

MEASURES HEARD:

HB 2651 - Public Hearing and Work Session  
HB 2653 - Public Hearing  
HB 2583 - Public Hearing  
HB 2036 - Public Hearing

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

001 CHAIR LUNDQUIST OPENS MEETING AT 1:35 PM.

003 OPENS PUBLIC HEARING ON HB 2651.

008 FRANK BRAUNER, Oregon Bankers Association, Independent Community Banks of Oregon: Testifies in SUPPORT of HB 2651. Refer to Exhibit A.

021 -In response to Rep. Wells: Explains need for HB 2651.

034 -Clarifies for Rep. Wells how stock certificates are currently used.

044 -In response to Chair Lundquist: Status quo for those who currently hold certificates.

048 -In response to Rep. Federici: Explains difference between the letter received concerning a stock and the certificate.

064 -In response to further inquiries of Rep. Federici: Believes this would

be less of a problem than present practices being utilized.

073 CLOSES PUBLIC HEARING ON HB 2651.

074 OPENS WORK SESSION ON HB 2651.

075 MOTION: REP. FEDERICI: Moves to send HB 2651 to the Full Committee on Commerce with a DO PASS recommendation.

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

077 CHAIR LUNDQUIST: Motion PASSES.

078 Chair Lundquist will carry HB 2651 to the Full Committee on Commerce.

079 CLOSSES WORK SESSION ON HB 2651.

082 OPENS PUBLIC HEARING ON HB 2653.

085 FRANK BRAWNER, Oregon Bankers Association, Independent Community Banks of Oregon: Testifies in SUPPORT of HB 2653. Refer to Exhibit B. Makes two changes to Oregon's Real Estate Escrow Account/Lenders Security Protection Provision.

122 -Explains amendment, Exhibit C.

141 -In response to Rep. Federici: Explains relationship of the discount rate with the prime rate.

161 -Replies to further questions of Rep. Federici concerning why the discount rate was chosen.

170 -In response to Rep. Federici: Clarifies those who does not have to comply with these laws. A private lender is not subject to this act.

187 -In response to Rep. Wells: Changes in Section 1 are to comply with changes in HUD regulations. Would only affect closing costs on escrow accounts depending on when you close and money needed to pay that portion of taxes by November 15.

253 -In response to Rep. Snodgrass: Clarifies that he is referring to Regulation X not Regulation Z..

261 -In response to Rep. Federici: Clarifies: an escrow account is required until a certain paydown occurs, when you reach 80% loan devalue.

280 CLOSSES PUBLIC HEARING ON HB 2653

285 OPENS PUBLIC HEARING ON 2583.

292 LANA BUTTERFIELD, Underwriters of Lloyds of London: Introduces William Marcoux.

303 WILLIAM C. MARCOUX, LeBoeuf, Lamb, Greens, and MacRae: Testifies in SUPPORT of HB 2583. Refer to Exhibit D.

354 -In response to Rep. Federici: About 36 states have made this change to date.

364 FOR THE RECORD: KERRY BARNETT, Director, Department of Consumer and Business Services: In SUPPORT of HB 2583.

378 MARCOUX: In response to Rep. Snodgrass: If this legislation is not enacted, Lloyd's Organizations would cease to exist in Oregon.

380 BUTTERFIELD: FOR THE RECORD: JIM GARDNER, Northwest Physicians: In SUPPORT of HB 2583.

380 CLOSSES PUBLIC HEARING ON HB 2583.

382 OPENS PUBLIC HEARING ON HB 2036.

403 MARY ALICE BJORK, Administrator of the Insurance Division of the Department of Consumer and Business Services: Testifies in SUPPORT of HB 2036. Amends Provisions in the Insurance Codes which govern three licensing programs of the insurance division.

410 -Discusses first program which addresses licenses of insurers, called certificate of authority

435 -Discusses second program which addresses the licensing of educational institutions and non-profit corporations that issue annuities.

453 -Discusses third program which addresses the licensing of agents, adjusters and insurance consultants who do not live in Oregon.

500 -In response to Chair Lundquist: Most of the need for this legislation is from Clark County, have not been approached from other areas, for example in Boise.

517 -In response to Rep. Wells: Yes, we are aware of concerns of residency versus non-residency from the Surplus Lines Association.

564 JAMES R. COLE, Surplus Lines Association: Testifies in OPPOSITION to HB 2036. Refer to Exhibit E.

659 -In response to Chair Lundquist: Because the Insurance Division has little authority over Surplus Lines, those practicing in the surplus lines field can get away with a lot.

TAPE 16, SIDE A

070 COLE: Responds to further questions of Rep. Lundquist and Rep. Snodgrass concerning the five year residency requirement in Oregon and California.

083 ROBERT K. STAHL, President, Surplus Lines Association: Testifies in OPPOSITION to HB 2036. Refer to Exhibit F.

112 RON ROTHERT, Executive Director, Surplus Lines Association: Testifies in OPPOSITION to HB 2036. Refer to Exhibit G.

143 -Opposed to page 2, lines 40 and 41 of HB 2036 (Refer to page 2 of Exhibit G).

166 -In response to Chair Lundquist: Have concerns with residency requirement because it weakens current law, does not require out of state licensee to follow regulations those in state must follow.

180 REP. WELLS: Referring to page 3 of Exhibit F. Requests explanation of letter.

190 STAHL: Would be unconstitutional from the Attorney General's perspective, Oregon could not reciprocate in response to the current statutes of Washington.

208 CHAIR LUNDQUIST: What are the differences between the exams in Oregon and other states?

213 STAHL: Explains difference between tests. Washington is very strict and requires residency to take the test.

231 ROTHERT: Concerning Surplus Lines, the Oregon test is on Oregon law, Washington test is on Washington law.

242 -In response to Rep. Snodgrass: Concerned that more leniency being placed on non-residents versus residents. Person from out of states have more options than residents.

263 COLE: Non-residents must take the exam in their state of residence.

297 DAVE NELSON, Dave Nelson and Associates, Inc.: Testifying in SUPPORT of HB 2036. Refer to Exhibit H.

341 PHILIP R. LUKINS, LUTCF, Associate General Agent: Testifying in SUPPORT of HB 2036.

361 -Explains difference between Washington and Oregon concerning examinations.

386 -Explains loss to Oregon when agents choose to reside in other states due to residency requirements.

402 -Current law creates duplicity.

415 -In response to Chair Lundquist: If they live in Washington, and office in Oregon they must meet the continuing education requirements in Oregon.

426 NELSON: Clarifies further for Chair Lundquist the requirements for continuing education.

442 -In response to Rep. Federici: Oregon and Washington would be sharing that requirement.

467 -In response to Rep. Snodgrass: Discusses possibility of exempting surplus lines.

487 LUKINS: Clarifies that representatives of Oregon have been contacted

discussing this issue.

516 CLOSSES PUBLIC HEARING ON HB 2036.

518 CHAIR LUNDQUIST: Discusses amendments to HB 2036.

533 REP. FEDERICI: Clarifies that the Thursday, February 23 Public Hearing on HB 2036 is open to testimony on the amendment as well as the bill.

539 ADJOURNS MEETING AT 2:50 PM.

Submitted by, Reviewed by,

JODIE HALL DANIEL JARMAN  
Committee Assistant Committee Administrator

EXHIBIT SUMMARY:

A - Testimony in support of HB 2651 - Frank Brawner, Oregon Bankers Association, Independent Community Banks of Oregon - 2 Pages  
B - Testimony in support of HB 2653 - Frank Brawner, Oregon Bankers Association, Independent Community Banks of Oregon - 3 Pages  
C - Amendments to HB 2653 - Frank Brawner, Oregon Bankers Association, Independent Community Banks of Oregon - 1 Page  
D - Testimony in support of HB 2583 - William C. Marcoux, LeBoeuf, Lamb, Greens, and MacRae - 3 Pages  
E - Testimony in opposition of HB 2036 - Jame R. Cole, Surplus Lines Association - 1 Page  
F - Testimony in opposition of HB 2036 - Robert K. Stahl, President, Surplus Lines Association - 8 Pages  
G - Testimony in opposition of HB 2036 - Ron Rotherth, Executive Director, Surplus Lines Association - 3 Pages  
H - Testimony in support of HB 2036 - Dave Nelson, Dave Nelson and Associates, Inc. - 4 Pages