

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.

HOUSE COMMITTEE ON BUSINESS AND CONSUMER AFFAIRS

May 7, 1991
P.M.

Hearing Room F 1:30
Tape 75 -

MEMBERS PRESENT: Rep. John Schoon, Chair Rep. Hedy L. Rijken,
Vice-Chair Rep. Jerry Barnes Rep. Lisa Naito Rep. Carolyn Oakley Rep.
Beverly Stein Rep. Greg Walden

STAFF PRESENT: Terry Connolly, Committee Administrator Annetta
Mullins, Committee Assistant

MEASURES CONSIDERED: HB 2208 WS HB 3203 WS HB 3355 WS HB
2990 WS

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TAPE 75, SIDE A

016 CHAIR SCHOON calls the meeting to order at 1:34 p.m. and distributes a list of bills having had a hearing and ask for recommendations from committee members on whether the committee should proceed with them.

029 CHAIR SCHOON opens the work session on HB 2208 for purposes of reconsideration.

HB 2208 - AUTHORIZES ESTABLISHMENT OF FEES FOR AMENDMENTS OF ARTICLES OF INCORPORATION OF STATE CREDIT UNIONS AND PENALTIES FOR LATE ANNUAL REPORTS BY RULE OF DIRECTOR OF DEPARTMENT OF INSURANCE AND FINANCE.
Witness: Tom Augustine, Oregon Credit Union League

032 TOM AUGUSTINE, Oregon Credit Union League: We met with members of the insurance industry and agreed to submit an amendment that would eliminate Section 15 of the HB 2208-2 amendments, which in effect are the HB 2208-3 amendments (EXHIBIT A). We have agreed it would be in everybody's best interest to eliminate the section.

047 CHAIR SCHOON: The bill had been passed to the Floor with a do pass recommendation and the committee moved to reconsider the vote by which it was passed.

050 MOTION: CHAIR SCHOON moves that Section 15 in the -2 amendments be deleted (in effect adopting the HB 2208-3 amendments).

073 VOTE: CHAIR SCHOON, hearing no objection to the motion, declares the motion PASSED. All members are present.

074 MOTION: REP. RIJKEN moves that HB 2208, as amended, be sent to the Floor with a DO PASS recommendation.

077 VOTE: In a roll call vote, all members are present and vote AYE.

081 CHAIR SCHOON declares the motion PASSED.

CHAIR SCHOON: Rep. Naito will lead discussion on the Floor.

086 CHAIR SCHOON opens the work session on HB 3203.

HB 3203 - REPEALS PROVISIONS REQUIRING LICENSING OF CONSUMER ELECTRONIC ENTERTAINMENT EQUIPMENT SERVICE DEALERS.

090 MR. CONNOLLY reviews provisions of the bill.

100 REP. WALDEN: This bill removes two licensing fees required by the Bureau of Labor and Industries (BOLI) and evolved from a situation with a constituent. This statute was carried over from Commerce Department. There have been few problems in this area. There were thousands of transactions occurring and only 60 complaints. We spend \$98,000 for a bureaucracy which I fail to understand. It is a housecleaning measure.

104 REP. STEIN: What is the position of the Bureau of Labor and Industries?

REP. WALDEN: BOLI opposes the bill. The money goes to help their enforcement and compliance division for the remainder of the bill. I am proposing to do away with the license for dealers. The subcommittee felt the license for the technician would be adequate and the company doesn't necessarily need to have the license. I don't understand the reason for licensing the pick up point. There are 900 licensed technicians that would continue to be licensed at \$45 per license which are reviewed by mail. It works out to about 4 licenses per day and they take in over \$40,000 a year. They testified if we made these cuts they wouldn't have the money for enforcement.

150 REP. STEIN: Are they still obligated to do the complaint investigations?

153 REP. WALDEN: Other remedies are available.

140 REP. NAITO: There are small claims remedies and other consumer protections in the court system and I don't see the need to have a bureaucracy for the number and types of complaints they are getting.

163 REP. BARNES: There were only 60 complaints which is insignificant. They also felt that the owner should be licensed so they can go in and make sure they have the proper equipment to make the repair. The emphasis should be on the equipment the technician has as well as the skill level.

173 MOTION: REP. BARNES moves that HB 3203 be sent to the Floor with a DO PASS recommendation.

179 CHAIR SCHOON: I suggest we include in the motion a referral to Ways and Means. It does affect one FTE.

182 MOTION: REP. BARNES moves to amend his motion: that HB 3203, as amended, be sent to the Floor with a DO PASS recommendation and that it be referred to the Committee on Ways and Means.

190 VOTE: In a roll call vote, all members are present and vote AYE.

192 CHAIR SCHOON declares the motion PASSED.

196 CHAIR SCHOON opens the work session on HB 3355.

HB 3355 - ALLOWS INSURED TO USE LIFE INSURANCE PROCEEDS FOR TERMINAL ILLNESS EXPENSES BEFORE DEATH.

197 MR. CONNOLLY reviews the provisions of the bill and advises that three sets of amendments have been drafted. The HB 3355-3 amendments are the result of discussions in subcommittee (EXHIBIT B).

191 REP. NAITO: The purpose of the bill is to allow terminally ill policy holders to have an option of receiving payments prior to death. I have been working with the Insurance Division as well as representatives of life insurance companies to enact what would be model legislation. The original bill would have mandated this and would only have been available to newly sold policies. This will allow the life insurance industry to implement it through riders and other ways. The bill sets out in Section 2 the intent that the acceleration of death benefits would be allowed under certain conditions and sets out examples of the types of conditions that it might include. It is likely the Insurance Division will adopt rules to implement this bill.

In Section 2, paragraph 3 specifies that the company may not require the insured to request payment. In some instances if they are looking at terminal illness they may want access to the benefits prior to death. I think it is good policy that we allow the insureds to negotiate that with their life insurance companies.

There was concern that these policies would be substituted for long term care insurance. We have made it clear in (4) of Section 2 that the life insurance policies may not be marketed as long term care insurance policies. (5) on line 18 directs the director to adopt rules to specify the amount of payment that shall be paid out and disclosure requirements. One disclosure requirement might be the tax implications of the option they may choose.

The bill has the support of the life insurance industry as well as the Insurance Commissioner. The HB 3355-3 amendments incorporate the amendments adopted by the subcommittee (EXHIBIT B).

266 REP. BARNES: What would happen to the remaining benefits of the life insurance policy?

267 REP. NAITO: It will be set out by rule. It would be the policy holders option to accelerated all the benefits or to accelerate a portion of the benefits prior to death. If they accelerated all the benefits there would be nothing left. Since life insurance is a voluntary thing, I would consider it to be an asset of the estate either prior to death or after. I think it would apply in only very limited situations.

290 MOTION: REP. NAITO moves that the HB 3355-3 amendments BE ADOPTED.

294 VOTE: CHAIR SCHOON, hearing no objection to the motion, declares the amendments ADOPTED.

297 MOTION: REP. NAITO moves that HB 3355, as amended, be sent to the Floor with a DO PASS recommendation.

299 VOTE: In a roll call vote all members are present and vote AYE.

303 CHAIR SCHOON declares the motion PASSED.

304 CHAIR SCHOON: Rep. Naito will lead discussion on the Floor.

318 CHAIR SCHOON opens the work session on HB 2990

HB 2990 - AMENDS PRINCIPAL AND INCOME ACT.

322 MR. CONNOLLY reviews provisions of the bill.

334 REP. RIJKEN: The ORS current forbid the trustee from doing what the Internal Revenue Code requires. This difference between the state and federal regulations is due to changes made in the 1982 and 1986 Tax Acts. We have not kept our ORS up to date.

348 MOTION: REP. RIJKEN moves that HB 2290 be sent to the Floor with a DO PASS recommendation.

353 VOTE: In a roll call vote, all members are present and vote AYE.

356 CHAIR SCHOON declares the motion PASSED.

358 CHAIR RIJKEN: Rep. Rijken will lead discussion on the Floor.

366 CHAIR SCHOON: We are still working on amendments to HB 2791 and it will be added to the agenda for Thursday.

353 CHAIR SCHOON declares the meeting adjourned at 2:00 p.m.

Respectfully submitted, Reviewed by,

Annetta Mullins Terry Connolly Assistant Administrator

EXHIBIT SUMMARY

A -HB 2208, HB 2208-3 amendments, Tom Augustine B -HB 3355, HB 3355-2 amendments, Rep. Lisa Naito