

Senate Bills 882, 883, 1012

SENATE COMMITTEE ON LABOR,
CONSUMER AND BUSINESS AFFAIRS

April 27, 1977
1:00 p.m.

Minutes

Hearing Room A
State Capitol Bldg.

Members Present: Sen. Dick Groener, Chairman
Sen. Ken Jernstedt, Vice Chairman
Sen. Wally Carson
Sen. Cliff Trow
Sen. Mary Roberts
Sen. Jan Wyers

Excused: Sen. Lenn Hannon

Staff Present: Rich Carlson, Committee Administrator
Richard Wyman, Committee Administrator
Connie Ohanian, Committee Assistant

Witnesses: Senate Bill 882 and 883

Robert Hall, IBEW # 48
Bob Arthur, Chief Electrical Inspector

Senate Bill 1012

Lester Rawls, Insurance Commissioner

Chairman Dick Groener called the meeting to order and opened the hearing on Senate Bill 1012.

Lester Rawls, Insurance Commissioner testified in favor of the bill with amendments. He reported that the Insurance Division had requested this legislation because of the difficulty the insurance-buying public is having in obtaining automobile insurance and retaining that coverage after it has been written. He noted that the insurance industry is going through some traumatic times caused by excessive losses and recent declines in the stock market. An unfortunate fall-out of this is the need for this legislation, he said, which would give the Insurance Commissioner the authority to review and consult with the insurance companies as to the way in which they determine who will or will not be one of their customers. (See exhibit ~~1~~ in file for Mr. Rawls written statement.)

(70)

Upon motion of Senator Trow, the bill was amended and passed unanimously (Senators Hannon and Roberts not present).

Senate Bill 882 and 883

Robert Hall, business representative for Local 48 of the National Brotherhood of Electrical Workers, spoke in favor of both bills. Senate Bill 882 would be a great benefit to the consumers of the State of Oregon, he said.

Bob Arthur, Chief Electrical Inspector, also spoke with respect to both bills. After more discussion, Senate Bill 882 was moved out with a "do pass" recommendation, but no vote was taken on Senate Bill 883.

The meeting was adjourned at 2:00 p.m.

Respectfully submitted,



Connie Ohanian
Committee Assistant

Tape 27, side 2
35 to 703

My name is Lester Rawls, and I am Insurance Commissioner for the State of Oregon. Today I am testifying in favor of Senate Bill 1012 as amended.

The reason that that Insurance Division has requested that this legislation be enacted is due to the difficulty the insurance-buying public is having in obtaining automobile insurance and retaining that coverage after it has been written. As all of you are aware, the insurance industry is going through some traumatic times caused by excessive losses and recent declines in the stock market. An unfortunate fall-out of this is the need for the legislation you are considering today which would give the Insurance Commissioner the authority to review and consult with the insurance companies as to the way in which they determine who will or will not be one of their customers.

Presently, the Insurance Commissioner's office has the authority to review rates and policy forms but these two regulatory powers are rendered meaningless if the application of the rate and the policy form is done in such a way as to exclude numbers of people from the marketplace.

This bill then, is the third leg of the stool which will give complete balance to the Insurance Commissioner's office. One which we feel is a necessity if we are to do our statutory duties to protect the insurance-buying public. Following are some of the examples of underwriting criteria standards which have come to our attention which we feel are not proper and should be rendered attention.

HOUSE COMMITTEE ON RULES

May 20, 1977

11:00 a.m.

257 State Capitol

Page 3, cont.

TAPE 5, SIDE 2

087 REP. GRANNELL moved to send SB 911 to the Committee on Business and Consumer Affairs.

The motion passed unanimously.

088 REP. GRANNELL moved to send SB 1012 to the Committee on Business and Consumer Affairs.

The Motion passed unanimously.

091 REP. GRANNELL moved to send SB 1091 to the Committee on Business and Consumer Affairs.

The motion passed unanimously.

094 REP. MARTIN moved to send SCR 8 to the Committee on State Government Operations.

The motion passed unanimously.

097 REP. MARTIN moved to rescind the subsequent referral to Intergovernmental Affairs on HB 2043.

The motion passed unanimously.

099 REP. MARTIN moved to rescind the subsequent referral to Judiciary on HB 2223.

The motion passed unanimously.

102 REP. MAGRUDER moved to rescind the subsequent referral to Environment and Energy on HB 2504.

The motion passed unanimously.

103 REP. KULONGOSKI moved to rescind the subsequent referral to Intergovernmental Affairs on HB 2798.

The motion failed 3-3, Nay - Martin, Wilhelms, Magruder.

109 REP. MARTIN moved to rescind the subsequent referral to Ways and Means on SB 789.

The motion passed unanimously

among. He answered questions from the committee members concerning the treatment, costs, patient load, collection of accounts, and acceptance of Medicaid and Welfare patients.

- 0458 HANK CRAWFORD spoke in opposition to the bill stating that requiring the coverage for individual policies was mandating a cost that was not the case in the 1975 legislature as most group policies already offered this coverage. He also said that not enough time had elapsed to have actuarial figures on the effect of the 1975 bill in answering many questions.
- 0639 SENATOR BURBIDGE countered Mr. Crawford's testimony with the statement that he had had this legislation in both the 1971 and 1973 legislature but had lost both times. He also said that the dollar amount was added at the insistence of the insurance industry, and the group policy for the State cost 12¢ per month per employee.
- 0698 DUANE HENNESSEY promised that he would not be back in two years asking for more money.
- 0706 JOHN LANSING regretted that this was lining up as a fight between the insurance industry and the sponsors of the bill. He said that the possibility for increases in costs was greater with this legislation than that passed last session as it was not already included as the group health plans had been. Blue Cross of Oregon had voluntarily been put into non-group coverage before this bill was known about or introduced and that they were up to the mandated level. He opposed the increase to \$3,000 and the 24 month period reduction. He answered questions from the committee.
- 0787 QUENTON ISHAM representing the Insurance commissioner's position that the bill would not do what the sponsors intend it to do because of constitutional problems. The question of a pre-existing condition was discussed stemming from a question by a member.

HEARING ON SENATE BILL 1013-A

- 0874 ROBERT FRISBEE explained the problems involved in the legislation that had passed in the 1975 session and the technical problems that they corrected. The Attorney General had allowed the intent of the bill to serve these last two years, but the statutes needed to be cleaned up. See Exhibit B.

HEARING ON SENATE BILL 1012-A

- 0919 JOHN OLIN supported the bill and read from prepared testimony part of his statement. See Exhibit C. He basically explained what the bill did, blocking abuses of the Rule of 78ths. referring to several graphs that were part of his testimony.

He continued by answering questions from the committee and described the bill as similiar to the bill previously before the committee dealing with banks.

0986 ALBERT GREEN said this bill was in the best interests of the poor people of the state. He and the CPL, Committee for Progress through Law, were in support of the bill.

0996 HARRIET GREEN spoke in support of the bill and reiterated her husband's thoughts on the effect on poor people.

WORK SESSION ON SENATE BILL 1084

1010 REPRESENTATIVE KERANS moved to send SB 1084 to the floor with a DO PASS recommendation. The motion passed 6 - 0 with Representatives Fawbush, Klein, and Markham excused.

WORK SESSION ON SENATE BILL 1013-A

1016 REPRESENTATIVE ACHILLES moved to send SB 1013-A to the floor with a DO PASS recommendation. The motion passed 6 - 0 with Representatives Fawbush, Klein, and Markham excused.

HEARING ON SENATE BILL 1012-A

1022 LEWIS MICHAEL of the CPL spoke in support of the bill saying that this bill had some teeth in it and that it was a start in the right direction.

1034 TOM BESSONETTE spoke in support of the bill and conveyed the sentiment of the Insurance Commissioner, Lester Rawls, that this was a good bill. He made reference to a letter that the committee had from the Commissioner to this effect, see Exhibit D.

1047 ALBERT GREEN spoke in support of the bill representing CRAG and the CPL, saying it was in the best interests of the citizens of Oregon.

WORK SESSION ON SENATE BILL 1012-A

1069 REPRESENTATIVE MORRIS moved to send SB 1012-A to the floor with a DO PASS recommendation. DeAnne Kinsey clarified the meaning of the bill. The motion passed 7 - 0, with Representatives Klein and Markham excused.

HEARING ON SEANTE BILL 87

1074 GLEN SNYDER spoke in support of the bill, reading from prepared testimony, see Exhibit E. He clarified what the bill would accomplish and the reasons for the legislation. He

My name is Lester Rawls, and I am Insurance Commissioner for the State of Oregon. Today I am testifying in favor of ~~Senate~~ ~~House~~ Bill 1012 as amended.

The reason that the Insurance Division has requested that this legislation be enacted is due to the difficulty the insurance-buying public is having in obtaining automobile insurance and retaining that coverage after it has been written. As all of you are aware, the insurance industry is going through some traumatic times caused by excessive losses and recent declines in the stock market. An unfortunate fall-out of this is the need for the legislation you are considering today which would give the Insurance Commissioner the authority to review and consult with the insurance companies as to the way in which they determine who will or will not be one of their customers.

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MEASURE INTENT STATEMENT

Exhibit G
Bus & Con. Affairs
6/6/77 1 pg.
SB 1012-A

Measure: SB 1012

Committee: Labor, Consumer and Business Affairs

Hearing Dates: April 27, 1977

Statement Prepared By: Rich Carlson, Committee Administrator

Problem addressed.

This bill addresses the problem of insurers unfairly discriminating between individuals where the risks have essentially the same degree of hazard. It would appear the availability of insurance is affected by unfair discrimination practices.

Function and purpose of measure as reported out.

1) This bill would prohibit such unfair discrimination by insurers.

2) It permits the Insurance Commissioner to require insurers to file their underwriting standards and supporting data for rate differentials.

3) Where the commissioner has reason to believe there is wilful non-disclosure of such data, and if after notice of noncompliance, the specified changes are not made, the commissioner may order a hearing.

4) If, after a hearing, the commissioner finds the insurer in violation of underwriting standards or rates, he may prohibit the use of those standards or rates effective a certain date.

5) In cases of wilful violation, the commissioner may suspend or
Major issues discussed. revoke the insurer's certificate of authority.

Magnitude of the problem in this state.

Effect of committee amendments.

Requires that the commissioner have reason to believe an insurer is not complying with the section in the application of its underwriting standards or rates in order to give notice of noncompliance.