

SENATE COMMITTEE

ON

INSURANCE, BANKING, RETIREMENT

January 23, 1981

8:00 A.M.

Room C, State Capitol
Tape 5, Side A

Members Present: Senator Ted Kulongoski, chairman
Senator Lenn Hannon
Senator John Kitzhaber (arr 8:56)
Senator Bill McCoy
Senator Cliff Trow
Senator George Wingard (arr 8:28)

Members Excused: Senator Ruth McFarland

Staff Present: Al Nunez, committee administrator
Debra Ehrman, committee assistant

Witnesses: SB 32
Bill Barlow, Alliance of American Insurance
Tom Hughes, Association of Oregon Cities
Roger Martin, Oregon Fire Chiefs Association
Harry Barnett, State Fire Marshall's Office
Richard Hunke, Arson Task Force
John Reid, Arson Task Force
Clarence Kruger, Attorney General's Office
Blanch Schroder, Arson Task Force
Noam Stampfer, Senate Energy Committee Administrator
SB 31
Tom Bessonette, Oregon Mutual Insurance
Vince McLaughlin, Safeco Insurance Companies
Frank Howatt, Insurance Commissioner's Office
Noam Stampfer, Senate Energy Committee Administrator
SB 29
Frank Howatt, Insurance Commissioner's Office
Clayton Patrick, Oregon Trial Lawyers
Noam Stampfer, Senate Energy Committee Administrator
SB 28
Frank Howatt, Insurance Commissioner's Office
Noam Stampfer, Senate Energy Committee Administrator
Tom Bessonette, Oregon Mutual Insurance

019 SENATOR KULONGOSKI called the meeting to order at 8:14 a.m.
and exercised his perogative to rearrange the agenda.

SENATE BILL 32- relating to reports of property fire losses

028 SENATOR KULONGOSKI requested Noam Stampfer to testify before
the Committee. Noam was the assistant legal counsel to the Joint
Interim Committee on the Judiciary which produced the agenda bills.

037 Mr. Stampfer explained the purpose of SB 32 which is to
enhance the free flow of information in arson investigations. It seems

that insurance companies are often reluctant to provide information because of possible litigation and liability. This bill expands on a common law immunity for information given in good faith. The bill also grants enforcement powers to the Insurance Commissioner.

066 SENATOR KULONGOSKI observed that the bill protects the Fire Marshall and the insurance companies from possible libel actions.

075 Bill Barlow representing several insurance companies testified that he was in favor of the bill and would be lobbying for it. The bill would remove impediments to communication between insurance companies and the proper authorities. Similar legislation has been passed in about 40 states.

098 Roger Martin who is representing the Oregon Fire Chiefs Assoc. testified in favor of the bill. The bill allows official investigators to contact insurance companies for access to files. He noted that there were safeguards built into the bill.

127 Harry Barnett from the State Fire Marshall's Office testified from a letter written by the State Fire Marshall, Clyde Centers (Exhibit A).

160 SENATOR KULONGOSKI asked Mr. Barnett to explain the current procedure and the impact of SB 32. Basically his department determines the fire cause and assists the enforcement agencies.

168 Mr. Barnett explained that insurance adjusters are required to file reports on claims but other information is not forthcoming which could be helpful to investigations.

190 SENATOR WINGARD arrives at the meeting.

191 Mr. Barnett explained that currently insurance companies must immediately contact his office in suspected arson cases and secondly they must file a final adjustment.

209 SENATOR TROW asked if the bill required additional information as well as immunity.

211 Mr. Barnett responded that the bill only gave the investigators access, it didn't increase reporting by the insurance companies.

217 SENATOR HANNON inquired if the bill applied to later times and the answer was yes, it applied whenever the investigation took place.

227 SENATOR MCCOY inquired if there was to be any testimony against the bill.

233 SENATOR KULONGOSKI requested Mr. Stampfer to re-testify.

236 SENATOR KULONGOSKI asked Mr. Stampfer to review the first section of the bill and the importance of what information would be kept from the public.

238 Mr. Stampfer explained the changes in the bill which broadens the testimony to include all kinds of evidence which bears on the case. He referred to ORS 192.500 (1) (C) and the definition of investigatory information which is exempt from the public records provision and remains confidential during the investigation.

257 SENATOR KULONGOSKI observed that the information is only confidential during the investigation and inquired as to the meaning of ORS 476.010-100. The SENATOR noted that his concern was with the phrase "information and other evidence" because it was so broad.

293 Mr. Stampfer read from ORS 192.500 which allows discovery once there has been an accusation. So once an individual has been charged, the defendant or his/her attorney could get the information.

328 SENATOR KULONGOSKI directed attention to page 2, line 36 of the bill which contains an enforcement mechanism.

343 Mr. Stampfer observed that the parties involved worked closely together in a co-operative manner, but this section might aid the smoothness of the operation.

355 SENATOR TROW inquired if the bill could effect that information in a detrimental way. The response was no, that the information was under the direction of the fire marshall.

368 SENATOR TROW inquired if there was a civil liberties issue and the response was no, that good faith reporting was required.

377 Mr. Barnett spoke about what type of information was usually accumulated which is often accusatory. As the custodian he is reluctant to release such information to just anyone who asks for it.

419 SENATOR MCCOY noted that perhaps the Attorney General's Office might have a design for deciding what is confidential and what is not.

430 Clarence Kruger from the Attorney General's Office testified that the Attorney General has not taken a position on the bill, but that in general the AG was opposed to any more exceptions to the public records law.

460 SENATOR KULONGOSKI requested Mr. Kruger to take a look at section 1 when he had more time.

Tape 6 Side A

024 SENATOR KULONGOSKI inquired if he was correct in his understanding that once someone is actually charged, then the information

becomes public. Mr. Kruger agreed.

034 Mr. Kruger agreed that the insurance company would be immune from liability but he did not wish to comment on possible persons who made incriminating statements to the company. He also pointed out a typographical error on page 1, line 14.

049 Richard Hunke, deputy Insurance Commissioner testified that he had served on the arson task force committee and introduced the Chairman of the new arson task force committee.

056 Blanch Schroder testified in favor of SB 32. She is chair of the 15 member task force which recommends this bill. She testified that the committee is setting up a statewide program which will reward arson information which leads to the arrest and conviction of arsonists. She feels the immunity bill will be quite helpful.

073 SENATOR TROW observed that some people could possibly be sued.

078 Mr. Hunke testified that the intent was to protect any person giving information from civil liability.

098 SENATOR KULONGOSKI observed that the immunity appeared to be limited to just the insurance companies and its representatives.

139 John Reid who served on the task force simply stated his support for the bill.

148 Noam Stampfer testified that the discretion of the fire marshall is shifted to a non-discretionary decision to release once someone has been charged and discovery is mandatory. It does not expand the confidentiality. What has been expanded is the testimony limit to "evidence and other information".

173 Tom Hughes who represents the League of Oregon Cities testified in favor of SB 32 based on the growing incidences of arson in Oregon.

188 SENATOR KULONGOSKI closed the hearing on SB 32.

SENATE BILL 31- relating to insurance coverage gaps

191 SENATOR KITZHABER arrives at the meeting.

193 SENATOR KULONGOSKI entered testimony from the fire chief of Salem on SB 32 into the record (Exhibit B).

203 Noam Stampfer explained SB31 as expanding voluntary coverage for those who want protection above the mandatory minimum limits without regard to the person's coverage who is involved in a collision.

219 Tom Bessonette representing the Oregon Mutual Insurance Company testified in favor of the bill. The bill allows those persons who

so desire^{to buy} extra protection. He gave an example of the situation where under Oregon law a motorist must carry liability insurance of a minimum of 15,000 per person, 30,000 per accident so if one has an accident with a bus only \$30,000 will cover all those on the bus. Persons have been unable to recover the full amount of their damages because the other motorist was underinsured. This bill would allow an individual the option of protecting him or herself against the underinsured motorist at a cost of only \$1 every six months.

260 SENATOR HANNON leaves the meeting.

282 Mr. Bessonette wondered if arbitration was the only source of solution to the value of the settlement. He also felt it was necessary to have a uniform effective date. He noted that many companies already had this protection available. He suggested January 1, 1982 to allow the companies to prepare.

305 SENATOR TROW observed that this option would then be mandatory for the company, but voluntary for the individual.

320 SENATOR KULONGOSKI inquired as to how a policy dispute would be handled with the policy holder. That was unknown.

332 SENATOR KULONGOSKI observed that there could be some policy problems as there would have to be contested litigation and the company takes an adversary position which is similar to the uninsured motorist situation. Arbitrations tend to be less adversarial.

361 Frank Howatt who represented the Insurance Commissioner spoke in favor of the bill. He reviewed the passage of uninsured coverage and explained that he thought it was just an oversight that the underinsured situation shouldn't be covered.

400 SENATOR KULONGOSKI requested Mr. Patrick who represents the Oregon Trial Lawyers to review the bill and to have testimony ready on the arbitration issue the next hearing.

418 Mr. Patrick agreed to have something prepared for the next hearing.

425 Vince McLaughlin who represents Safeco Insurance Company testified regarding his company's arbitration provision.

440 SENATOR KULONGOSKI closed the hearing on SB 31.

441 SENATOR HANNON returns to the meeting.

SENATE BILL 29- relating to product liability insurance reports

452 Noam Stampfer testified that the bill dealt with several problems relating to the collection of information from companies to the insurance commissioner. One change is that the division will no longer provide forms which will save time and money.

Tape 5 Side B

022 Frank Howatt representing the Insurance Division testified that his department had failed to raise certain problems with the bill when it was originally drafted. He submitted a letter and an administrative rule to aid in the consideration of his proposed amendments (Exhibit C).

050 SENATOR WINGARD leaves the meeting.

054 SENATOR KULONGOSKI requested that Mr. Howatt's proposed amendments be submitted to the committee assistant by next tuesday.

060 SENATOR TROW inquired if the amendments would change the thrust of the bill and the response was that they would only provide for summaries.

078 Clayton Patrick representing the Trial Lawyers Association testified that he would like to check the proposed amendments although he anticipated no problems. He spoke in favor of the bill.

093 SENATOR KULONGOSKI spoke on the issue of receiving the information on products liability and the past problems of the division in that area.

101 SENATOR KULONGOSKI closed the hearing on SB 29.

SENATE BILL 28- Relating to providing consumer information.

104 Noam Stampfer testified on what the bill would do- this bill is to increase the competitiveness between insurance companies by giving the consumer some basic information before they purchase insurance. Ideally if this could be on some type of computer program then that information would be available immediately to the consumer.

138 SENATOR KULONGOSKI asked if the Division really needs a statute to provide such a service to the public, what was the definition of consumer information and how much would this cost? Would a pamphlet be available on request?

144 Mr. Howatt responded that he had the same concerns. He reviewed topics raised with the bill's formulations. The Division is not opposed to providing consumer information but expertise and funds will be needed. They view something similar to a buyer's guide.

200 SENATOR KULONGOSKI suggested that this should be left to the private sector.

217 SENATOR TROW inquired if Mr. Howatt had any amendments.

220 Mr. Howatt suggested clarifying language as to the purpose.

230 SENATOR KULONGOSKI requested a definition of consumer information and what information they would include in such a guide.

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244 Tom Bessonette representing Oregon Mutual testified^{about} the various services available and extra costs provided by various companies.

282 SENATOR KULONGOSKI inquired as to how many companies provide motor vehicle insurance.

282 The response was about 500.

290 SENATOR TROW suggested that the booklet could contain a checklist of things the consumer should ask about.

309 SENATOR KITZHABER leaves the meeting.

315 SENATOR KITZHABER returns to the meeting.

384 SENATOR KULONGOSKI closed the hearing on SB 28 and inquired if there was anything else to come before the committee.

388 George Starr representing the Oregon State Grange requested the committee to draft a bill increasing the motor vehicle liability insurance mandatory minimums. ✓

418 SENATOR KULONGOSKI asked the committee if any member had any objections to such a bill. There were none.

425 SENATOR KULONGOSKI adjourned the meeting at 9:40 a.m.

Respectfully submitted,

Debra Ehrman

Debra Ehrman, committee assistant

EXHIBIT SUMMARY:

A- testimony from Clyde W. Centers, State Fire Marshall - **SB 32**

B- testimony from Jerald Case, Fire Chief of Salem - **SB 32**

C- letter and Administrative Rule for the Insurance Division - **SB 29**

SENATE COMMITTEE ON
INSURANCE, BANKING, RETIREMENT

February 19, 1981

8:00 a.m.

State Capitol, Room C
Tape 17, Side A

Members Present: Senator Ted Kulongoski, chair
Senator Lenn Hannon
Senator John Kitzhaber
Senator Bill McCoy
Senator Ruth McFarland
Senator Cliff Trow, vice-chair
Senator George Wingard (arr 8:30a.m.)

Staff Present: Al Nunez, committee administrator
Debra Ehrman, committee assistant

Witnesses: SB 7
Al Wilson, Association of Oregon Industries
Don Hawkinson, Deputy PUC Commissioner

SB 32
Clayton Patrick, Oregon Trial Lawyers Association
Frank Howatt, Insurance Commissioner's Office
George Birnie, *AMERICAN INSURANCE ASSOC.*

SB 29
Frank Howatt, Insurance Commissioner's
Clayton Patrick, OTLA
Tom Bessonette, Oregon Mutual Insurance

SB 31
Tom Bessonette, OMI

006 SENATOR KULONGOSKI called the meeting to order at 8:10 a.m.

SENATE BILL 7- relating to transportation

013 Al Wilson testified against SB 7. It is felt that higher limits could preclude some truckers from the industry.

023 SENATOR MCCOY asked for specific objections.

029 SENATOR HANNON leaves the meeting at 8:13 a.m.

029 Mr. Wilson explained how the insurance became a burden if too high.

030 SENATOR MCCOY asked what the proposed rate changes were.

033 Mr. Wilson responded that whether they would go up was unknown. The bill would leave it to change by administrative rule in the PUC.

035 SENATOR MCFARLAND inquired if the PUC didn't already have the power. She referred to page 2, line 7.

- 044 SENATOR KULONGOSKI directed the members to the report from the interim committee task force on regulation of the motor carrier industry which covers the present authority of the PUC commissioner.
- 051 SENATOR MCFARLAND observed that while the limits were kept, the commissioner did have the power to increase the limits.
- 054 SENATOR KULONGOSKI observed that the commissioner would still be restricted by the statutory limits. There seemed to be a conflict.
- 070 SENATOR KITZHABER noted that the limit was only a minimum.
- 071 SENATOR KULONGOSKI explained the truckers' concern.
- 080 SENATOR MCFARLAND noted there was inherent conflict already.
- 091 Don Hawkinson testified on the background of SB 7. The bill removes the old minimums. In 1977, the PUC Commissioner was given authority to change the limits by rule-making proceedings.
- 092 SENATOR HANNON returns at 8:19 a.m.
- 126 SENATOR MCFARLAND asked then if the limits were changed already.
- 129 Mr. Hawkinson agreed.
- 133 SENATOR MCFARLAND asked if passage of SB 7 would affect future changes in the limits.
- 137 Mr. Hawkinson replied it wouldn't affect changes, they could do it already. His estimation was that leaving in the limits was an oversight.
- 152 SENATOR HANNON asked who was being protected by the legislation.
- 158 Mr. Hawkinson replied that the public was protected.
- 168 SENATOR HANNON inquired as to proof requirements and enforcement.
- 183 Mr. Hawkinson responded that one could get by without insurance if they never returned.

SENATE BILL 32- relating to arson loss reports

- 207 SENATOR KULONGOSKI directed the members to the proposed amendment. (Exhibit A).
- 228 SENATOR TROW moved the adoption of the amendment.
- 230 SENATOR HANNON asked what the intent of the amendment was.
- 232 Clayton Patrick explained the change in language; it codifies case law.

249 SENATOR WINGARD arrives at 8:30 a.m.

253 Frank Howatt asked about the language in the amendment regarding "no person or company". He suggested that insurance preceed company.

282 Mr. Patrick did not object.

284 SENATOR KULONGOSKI inserted insurance before company on page 2, line 10.

291 George Birnie felt it wasn't an issue and had no objection.

311 SENATOR WINGARD asked the difference between good faith and in the absence of fraud.

316 Mr. Patrick explained that fraud had a narrower definition.

333 The amendment was adopted without objection.

342 SENATOR HANNON noted that there was a typographical error on page 1, line 14 involving an incorrect bracket placement.

362 SENATOR KULONGOSKI included that in the previous amendment.

372 SENATOR HANNON moved the adoption of SB 32 to the floor with a do pass recommendation as amended. It passed without objection. Senator Kitzhaber will lead the floor discussion.

SENATE BILL 29- relating to product liability insurance reports

404 SENATOR KULONGOSKI directed the members to amendments to SB 29. (Exhibit B).

440 Frank Howatt testified on his proposed amendments.

Tape 17, Side B

013 SENATOR TROW moved the adoption of the amendments as amended. They were adopted without objection.

024 SENATOR TROW moved the bill with a do pass recommendation as amended to the floor. It passed without objection. SENATOR KULONOSKI will carry the bill on the floor.

032 SENATOR KULONGOSKI announced that SB 7 and SB 31 will be scheduled for work sessions.

036 SENATOR KULONGOSKI adjourned the meeting at 9:10 a.m.

Evidently the tape recorder malfunctioned on Tape 18, Side A. On SB 31, Tom Bessonette is to prepare an amendment.

EXHIBIT SUMMARY

- A- Clayton Patrick's proposed amendment to SB 32
- B- Frank Howatt's proposed amendments to SB 29.
- C- Memorandum on SB 32

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Debra Ehrman".

Debra Ehrman,
committee assistant

SENATE COMMITTEE ON
INSURANCE, BANKING, RETIREMENT

March 13, 1981

8:00 a.m.

Room C, State Capitol
Tape 30, Side A

Members Present: Senator Ted Kulongoski, chair
Senator Lenn Hannon
Senator John Kitzhaber
Senator Bill McCoy
Senator Ruth McFarland
Senator Cliff Trow, vice-chair
Senator George Wingard

Staff Present: Al Nunez, committee administrator
Debra Ehrman, committee assistant

Witnesses: SB 31
Tom Bessonette, Oregon Mutual Insurance
Frank Howatt, Insurance Commissioner's Office
SB 132
Frank Bales, Dept. of General Services

SB 150
Don Eppley, Executive Dept.
Ken Maul, PERS
Ralph Bolt, SEBB insurance manager
SB 182
Don Eppley, Executive Dept.
Ken Maul, PERS
Bill Hoelscher, Dept. of Justice for PERS
SB 404
Jim Swenson, Dept. of Environmental Quality

SB 179
Bill Hoelscher, Dept. of Justice

007 SENATOR KULONGOSKI called the meeting to order at 8:06 a.m.

SENATE BILL 31- relating to insurance

018 Tom Bessonette offered an amendment to SB 31 (Exhibit A). Frank Howatt testified that he also wished to amend the bill and would have legislative counsel draft the amendment which would state an effective date. SENATOR TROW moved the amendment's concept and it passed without objection. SENATORS WINGARD and KITZHABER leave the meeting at 8:10 a.m.
SENATE BILL 132- relating to the liability fund

074 Frank Bales testified on SB 132, the bill will correct deficiencies in the self-insurance program by extending PIP coverage to state owned vehicles when used for state business. He did have an amendment (Exhibit B). SENATOR KULONGOSKI inquired if the statute applied to all public entities and Mr. Bales agreed.

133 SENATOR KULONGOSKI asked if this bill conforms to SB 54 and Mr. Bales indicated that they would have to be reconciled. SENATOR TROW inquired on page 1, line 17, if the words "at least the minimum" were deleted and "reasonable" was inserted how Mr. Bales would feel about that. Mr. Bales indicated that he wasn't sure what reasonable would mean. SENATOR KITZHABER returns to the meeting at 8:23 a.m. SENATOR MCCOY asked for an example of when a state vehicle would be used for other than public use. He explained that some vehicles are used for official purposes and some are used for general public use. SENATOR TROW asked what other public entities would be effected; Mr. Bales referred to subsection (2) of section 3. SENATOR HANNON moved that the bill become effective upon passage. Instead of taking the motion SENATOR KULONGOSKI explained that because of the conflict with SB 54, he would prefer to correct the conflict by combining the bills on the House side. He will communicate with the Speaker of the House on the subject. SENATOR HANNON withdrew his motion. Mr. Bales was agreeable to the chair's suggestion. SENATOR TROW moved the adoption of Mr. Bales' amendments; it passed without objection. SENATOR KITZHABER leaves the meeting at 8:32 a.m.

SENATE BILL 150- relating to retired public employees

460 Don Eppley testified on SB 150 and suggested that he could also testify on SB 182 at the same time.

Tape 31, Side A

009 SENATOR KULONGOSKI explained how SB 150 and SB 182 worked together.

SENATE BILL 182- relating to benefit plans

021 SENATOR HANNON leaves the meeting at 8:40 a.m.

041 Mr. Eppley testified that the Executive Dept. opposes SB 150 due to its fiscal impact. He felt the local government mandate could be deleted.

064 SENATOR KULONGOSKI asked for general background on what the different boards (SEBB, BUBB) provided on health plans. BUBB (Bargaining Unit Benefits Board) represents employees covered by collective bargaining agreements, mostly OPEU members. SENATOR KITZHABER returns at 8:50 a.m. Retirees over 65 are eligible for Medicare, so those retirees currently get supplemental coverage. Retirees under 65 pick up the full cost of their medical coverage under BUBB, SEBB and PERS. Retirees over 65 pay all of their supplemental coverage premiums. Premiums are expected to increase dramatically. Ralph Bolt, the insurance manager for SEBB testified in addition to Mr. Eppley.

251 SENATOR MCCOY asked if the different groups' experience were figured separately; the response was yes. SENATOR TROW commented that SEBB and BUBB wanted to rid themselves of the retiree situation. Mr. Eppley responded that the Executive felt the PERS was in a better position to deal with the retirees. Provisos have been added to the only bid made on the health plan, one specifically requiring SEBB to discontinue coverage on retirees. Other provisos included that the employer pay all the premiums. SENATOR KITZHABER asked who the primary carrier was, the response was Blue Cross, HMO's and CNA and the SENATOR inquired into coverages. SENATOR KITZHABER asked for further information on the plans. Competitive bids determine the carrier.

380 SENATOR TROW gave the example of himself as a retiree and asked what options he would have of retiring at age 62. Presently he would have a choice of staying with the SEBB program or transferring to PERS. If SB 182 passes, he would not have the choice but would automatically be forced into the PERS plan.

415 SENATOR KULONGOSKI asked about experience ratings. Those retirees under 65 are grouped with the active members. Once they reach 65 they have a separate experience rating.

Tape 30, side B

033 SENATOR KULONGOSKI observed that benefits were determined by the contracts, competitive bidding and what is purchased. SENATOR HANNON returns at 9:10 a.m. and SENATOR WINGARD returns at 9:12 a.m. SENATOR MCCOY stated that by separating the retirees they forfeited getting the best policy which usually is the mixing of the groups.

077 SENATOR MCFARLAND observed that neither SB 150 nor SB 182 would address the problem of mandating mixing of the groups. SENATOR MCCOY agrees.

086 SENATOR TROW inquired as to what PERS could do for the retirees.

095 SENATOR KULONGOSKI stated that if the retirees were all grouped together supposedly because the group was larger they should have lower rates and better coverage. SENATOR MCCOY leaves the meeting at 9:05 a.m.

124 SENATOR KULONGOSKI observed that all retirees pay their own premiums and it was only a matter of what plan they could get.

136 Bill Hoelscher testified on the behalf of PERS. Mr. Hoelscher stated that his membership on different boards presented some conflicts. SEBB has no authority for providing health and welfare benefits although they have done so. Policy issues include the larger the group, the better plan and to discourage insurees from selecting against the plan. Both PERS and BUBB have Continental Insurance Co.; SEBB has a different carrier for their retirees. SENATOR MCCOY noted that by being part of a group for the experience rating, that is not the same as a subsidy. SENATOR WINGARD leaves the meeting at 9:22 a.m.

264 SENATOR KULONGOSKI asked if the retirees were included in the overall group. They are for purposes of determining the experience.

340 SENATOR TROW inquired as to the motivation behind the bills, was it to help with collective bargaining negotiations. The response was yes. SENATOR MCCOY leaves the meeting at 9:27 a.m. SENATOR MCFARLAND leaves at 9:29 a.m.

400 SENATOR KULONGOSKI asked again if the retirees over 65 were included in the rating- they are not.

441 Mr. Hoelscher commented that the BUBB act divides up the retirees between BUBB and SEBB and that if SB 150 didn't pass it would be only the local government employees who wouldn't be covered.

Tape 31 Side B

028 SENATOR HANNON inquired as to the creation of BUBB in 1979. Mr. Hoelscher described the membership of BUBB and SEBB and he felt it was at the urging of the union that the separation occurred. If SB 150 doesn't pass, state employees will continue to be covered under BUBB and SEBB. SENATOR HANNON wondered if this was a turf battle.

082 Don Eppley stated that he disagreed that the legislation involved a turf battle.

084 Ken Maul testified on the behalf of PERS; Jerry Liebertz joined him. The basic concern is that retirees not be left without representation- if SB 182 passes, but SB 150 didn't. PERS offers a lower benefit with a lower premium. He suggested that the employer paying 1/2 the cost of the premium was a negotiable item. Jerry Liebertz felt the focus should be on helping retirees. He disagreed that the bigger the group the better the coverage. He felt a commitment should be made to the retirees. SENATOR KULONGOSKI stated that ultimately the issue would be the cost. The larger pool is attractive because the employer picks up more of the cost. Mr. Liebertz advised the committee that the PERS program has no provisions for children coverage.

204 Mr. Hoelscher spoke a little about possible employer costs.

226 SENATOR KULONGOSKI asked why PERS had the least attractive program. Mr. Liebertz indicated that the problem was that by grouping retirees together there were many more high risks involved. He estimated that no more than 10% of the PERS members covered were state employees. SENATOR KULONGOSKI asked if local governments were now negotiating health plans. A few places are doing that for active employees. By providing health plans, it would encourage early retirements. When a person hits age 65, premium costs drop because of Medicare coverage.

SENATE BILL 179- relating to public employee retirement

326 Mr. Hoelscher testified on the amendments as prepared by Mr. Peterman and legislative counsel. TRFA has gone ahead with employer pick-ups although there has been no authority to do so. He preferred the legislative counsel draft but felt they still needed re-working. SENATOR KULONGOSKI requested Mr. Hoelscher to follow up on that. SENATOR KITZHABER leaves at 9:44 a.m.

SENATE BILL 404- relating to sewage disposal service

359 Jim Swenson testified from the Dept. of Environmental Quality, they support the bill.

377 John Norton, a retired state employee spoke on retiree issues. Those who retired prior to 1972 were not allowed to continue with their health plans. Some retirees have no supplemental coverage at all. SENATOR KULONGOSKI adjourned the meeting at 9:57 a.m.

Respectfully submitted,

EXHIBIT SUMMARY
A- amendment to SB 31
B- amendment to SB 132

Debra Ehrman
Committee assistant

SENATE COMMITTEE ON
INSURANCE, BANKING, RETIREMENT

June 25, 1981

8:00 a.m.

Room C, State Capitol
Tape 113, Side A

Members Present: Senator Ted Kulongoski, chair
Senator John Kitzhaber
Senator Lenn Hannon
Senator Ruth McFarland
Senator Cliff Trow, vice-chair
Senator George Wingard (arr 8:27 a.m.)

Member Excused: Senator Bill McCoy

Staff Present: Al Nunez, committee administrator
Debra Ehrman, committee assistant

Witnesses: HB 2977

Staryl Austin, Dept. of Veterans' Affairs
Representative Mae Yih

HB 2717
Staryl Austin

SB 304
Staryl Austin

006 SENATOR KULONGOSKI called the meeting to order at 8:10 a.m.

SENATE BILL 31- relating to insurance

007 SENATOR KULONGOSKI explained the intent of the bill. He directed the members' attention to an amendment dated 6/17/81 (Exhibit A). One issue relating to the bill was to do with arbitration of disagreements. The Senator suggested that after line 18, an additional amendment would read, "Underinsurance coverage shall be subject to the provisions of ORS 743.792". SENATOR TROW moved SB 31 off the table and this new amendment without objection. SENATOR TROW moved the amendments dated 6/17/81 without objection. SENATOR HANNON asked about the applicable effective date-it would not be changed. SENATOR TROW moved SB 31 as amended to the floor with a do pass recommendation. It passed with SENATOR MCCOY excused, *also with Senator Wingard excused.*

SENATE BILL 304- relating to loans for veterans

078 SENATOR TROW moved SB 304 off the table without objection. SENATOR KULONGOSKI explained the intent of the bill. Mr. Austin discussed the impact of the proposed amendment (Exhibit B); he supports it. SENATOR HANNON thought the committee had adopted a policy of not creating exemptions and was concerned with this special category. Currently all veterans are limited to two loans whether they are disabled or not. This would only affect about 20 loans a biennium. SENATOR TROW asked if this could be abused. Mr. Austin said they certainly try to watch for abuse.

138 SENATOR MCFARLAND noted that the disabled veteran often has made special access and constructional features which can't be obtained readily with a move into a different home. SENATOR HANNON felt the discretion should remain with the Department on a case by case basis. SENATOR WINGARD arrives at 8:27 a.m. Mr. Austin prefers legislative direction in this area. SENATOR TROW suggested an amendment on page 1, line 24 to change "shall" to "may"; it passed with SENATOR WINGARD excused. SENATOR MCFARLAND moved the LC amendment; it passed with SENATOR WINGARD objecting. SENATOR TROW moved SB 304 as amended to the floor with a do pass recommendation. SENATOR TROW explained the intent of the amendment. The bill passed out with SENATOR MCCOY excused and SENATOR WINGARD voting no. SENATOR KITZHABER will carry the bill. SENATOR HANNON leaves the meeting at 8:32 a.m.

HOUSE BILL 2977- relating to loans for veterans

280 Mr. Austin testified in support of HB 2977. It corrects some inequities with the implementation of the program and plugs a so-called "loophole" (Exhibit C).

337 Rep. Mae Yih testified in support of HB 2977. She explained the affect of using the "surviving" language in the bill. The loophole was not intended. SENATOR TROW moves the bill to the floor with a do pass recommendation. SENATOR HANNON returns at 8:50 a.m.

Tape 113, Side B

005 SENATOR KULONGOSKI asked Mr. Austin about the veteran in a divorce situation. This bill would not change anything. The bill was passed out with SENATOR MCCOY excused. SENATOR KITZHABER will carry the bill.

HOUSE BILL 2717- relating to loans for veterans

057 Mr. Austin testified in support of HB 2717 (Exhibit D). He also responded to questions regarding congressional work in this area. SENATOR KULONGOSKI noted that he had a conflict as he was trying to secure refinancing. SENATOR TROW moves the bill to the floor with a do pass recommendation. SENATOR WINGARD asked about "moving into a farm". Mr. Austin responded that the farm would have to have a primary residence. Discussion focused on the tax-exempt status involved. Presently the department is in conflict with state law and that is the reason for the bill. The committee decided that the notwithstanding clause should remain. SENATOR KITZHABER leaves the meeting. The bill passed with SENATORS MCCOY and KITZHABER excused and SENATOR WINGARD voting no. SENATOR HANNON will carry the bill.

SENATE BILL 769- relating to insurance for nuclear power plants

357 SENATOR KULONGOSKI requested testimony from Don Goddard of the Dept. of Energy. He hasn't reviewed the bill, so it will be re-scheduled for tomorrow.

411 SENATOR KULONGOSKI adjourned the meeting at 9:10 a.m.

EXHIBIT SUMMARY

A- amendments to SB 31
B- amendments to SB 304
C- written testimony on HB 2977
D- written testimony on HB 2717

Respectfully submitted,

Debra Ehrman, committee asst.

Hearing 1/23

(for Mr. Nung) Exhibit A- SB31
Ins. bank. net
3-13-81
1 page

OREGON LEGISLATIVE ASSEMBLY--1981 Regular Session

Senate Bill 31

PRINTED PURSUANT TO ORS 171.130 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Joint Interim Committee on Judiciary)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Requires offer of underinsurance benefits as part of certain uninsured motorist coverage.

A BILL FOR AN ACT

Relating to insurance; amending ORS 743.789.

Be It Enacted by the People of the State of Oregon:

Section 1. ORS 743.789 is amended to read:

743.789. (1) Every motor vehicle liability policy insuring against loss suffered by any natural person resulting from liability imposed by law for bodily injury or death arising out of the ownership, maintenance or use of a motor vehicle shall provide uninsured motorist coverage therein or by indorsement thereon when such policy is either:

(a) Issued for delivery in this state; or

(b) Issued or delivered by an insurer doing business in this state with respect to any motor vehicle then principally used or principally garaged in this state.

(2) The insurer issuing such policy shall offer one or more options of uninsured motorist coverage larger than the amounts prescribed to meet the requirements of ORS chapter 486, up to the limits provided under the policy for motor vehicle bodily injury liability insurance. **Offers of uninsured motorist coverage larger than the amounts required by ORS chapter 486 shall include underinsurance coverage for damages or death caused by accident and arising out of the ownership, maintenance or use of a motor vehicle that is insured for an amount that is less than the insured's uninsured motorist coverage. Underinsurance benefits shall be equal to uninsured motorist coverage benefits less the amount recovered from other automobile liability insurance policies.**

Section 2. The amendments to ORS 743.789 by Section 1 of this Act shall apply only to policies issued on and after January 1, 1982.

*Sen. K. - wants to ask L.C. to draft Benson's amendment in form of separate "underinsured motorist" section.
FH - ok, but s/he tied in to election by insured of higher U.M. limits.*

NOTE: Matter in bold face in an amended section is new; matter [italic and bracketed] is existing law to be omitted; complete new sections begin with SECTION.

1 PROPOSED AMENDMENTS TO SENATE BILL 31

2 In line 2 of the printed bill, after the semicolon insert
3 "creating new provisions;" and before the period insert "; and
4 prescribing an effective date".

5 After line 18, insert:

6 "SECTION 2. This Act does not apply to a policy made before the
7 effective date of this Act. However, this Act applies to a renewal
8 or extension of an existing policy on or after the effective date of
9 this Act as well as to a new policy made on or after the effective
10 date of this Act.

11 "SECTION 3. This Act takes effect on January 1, 1982.".

HOUSE COMMITTEE ON BUSINESS AND CONSUMER AFFAIRS

July 8, 1981 1:00 p.m. Hearing Room F State Capitol

TAPES: H-81-BCA-176,177

Members Present: Representative Max Rijken, Chairperson
Representative Bill Bradbury
Representative Rebecca DeBoer
Representative Peggy Jolin
Representative Bill Markham
Representative Fred Parkinson
Representative Barbara Roberts

Staff Present: James Jones, Committee Administrator
Sharon Hoevet, Committee Assistant

Witnesses: Dick McGavock, Insurance Division
Craig Chisholm, Oregon Land Title Association
Evelyn Ferris, Lawyers Title Insurance
Tom Bessonette, Oregon Mutual Insurance
Frank Howatt, citizen
Keith Burns, American Council of Life
Insurance, Oregon Association of Life
Insurance
Forrest Richen, Standard Insurance

TAPE 176 SIDE A

- 03 REP. MARKHAM called the meeting to order at 1:33 p.m., and opened the hearing on HB 3171.
- HB 3171 - Relating to insurance; amending ORS 731.438; and declaring an emergency
- 007 JAMES JONES, Committee Administrator, discussed proposed amendments to the bill (SEE EXHIBIT A). Discussion.
- 018 DICK MCGAVOCK, Insurance Division, spoke in support of HB 3171 and concurred with the proposed amendments (EXHIBIT A). He discussed the amendments and their intent. He felt the amendments would be compatible with and an aid to the Insurance Code section on prohibitions against unrelated business pursuits by title insurers. General discussion on drafting of amendments, requirements to get into title insurance business, and title insurance plant statute.
- 067 REP. ROBERTS and MR. MCGAVOCK discussed language in amendments. They were not from Legislative Counsel.
- 113 CRAIG CHISHOLM, Oregon Land Title Association, spoke in support of HB 3171 and said his association was in agreement with the amendments. He said the American Land Title Association was also in concurrence. General discussion on the original bill, number of plants serving counties and operations process of title plants.

HOUSE COMMITTEE ON BUSINESS AND CONSUMER AFFAIRS

July 8, 1981

Page 2

- 179 EVELYN FERRIS, Lawyers Title Insurance, also discussed the original bill. She discussed Section 2 of the current bill and the grandfather clause in last section of current bill.
- 221 General discussion on grandfathering and the ten year time period indicated in page 3 of the amendments.
- 250 Further discussion on the original bill vs the amended version. MS. FERRIS felt the bill would be a saving to the consumer because it should make it cheaper to maintain a title plant and expanded on this.
- 279 Discussion on page 2 of the amendments, subsections 2 and 3. MR. McGAVOCK was not sure that lending and banking institutions had been contacted about the amendments. Discussion. MS. FERRIS said if banking institutions had interests they could be grandfathered in. Discussion.
- 301 Discussion on Transamerica Title being in the consumer finance business, and Chapter 722 to 726 (Consumer Finance Statutes).
- 70 In response to REP. PARKINSON, MR. McGAVOCK discussed the effect HB 3171 would have on the industry in relation to new industry people coming into the state.

TAPE 177 SIDE A

- 009 REP. ROBERTS moved to change the amendments on page 3 of the proposed amendments to read seven years instead of ten years. Discussion. There being no objection, the motion passed.
- 048 REP. ROBERTS moved for the adoption of the proposed amendments (EXHIBIT A) as amended. Those voting aye: Bradbury, DeBoer, Jolin, Parkinson, Roberts, Rijken. Excused: Markham. Motion passed.
- 056 REP. ROBERTS moved HB 3171 as amended to the floor with a Do Pass recommendation. Those voting aye: Bradbury, DeBoer, Jolin, Parkinson, Roberts, Rijken. Excused: Markham. Motion carried.
- 069 REP. RIJKEN opened the hearing on SB 31-A.
- SB 31-A - Relating to insurance; creating new provisions; amending ORS 743.789; and prescribing an effective date
- 73 In waiting for testimony on SB 31, MR. JONES circulated a letter relating to HB 2087 (SEE EXHIBIT B).

- 076 TOM BESSONETTE, Oregon Mutual Insurance Company, said he was neither in favor or opposition to the bill. He gave a brief background on automobile insurance. MR. BESSONETTE said there have been attempts to increase liability limit from \$15,000/\$30,000 per person to \$25,000/\$50,000 per person and expanded on this.
- 119 MR. BESSONETTE spoke to the intent of the bill and said if passed, SB 31 would allow the consumer to buy "under insurance" and expanded on this. He also used a hypothetical example to explain how the proposed "under insurance" would work. He felt SB 31 would be a better alternative to increasing the financial responsibility law from \$15,000 to \$25,000.
- 152 At the request of REP. PARKINSON, MR. BESSONETTE discussed the bill from a mandating perspective. He felt SB 31 was under the "shall offer" concept. Discussion.
- 173 Discussion on Page 1, line 16 of the bill relating to "maintenance or use of motor vehicle." MR. BESSONETTE used a hypothetical example to further explain use of the language.
- 222 REP. BRADBURY moved SB 31-A to the floor with a Do Pass recommendation. Discussion.
- 239 FRANK HOWATT, citizen (formerly of Oregon Insurance Commissioner's Office), gave a brief background on uninsured motorist insurance, and past and present law.
- 271 MR. BESSONETTE felt SB 31-A was in the nature of a technical correction and the basic issue was removing a discontinuity in the benefits under the uninsured motorist coverage. He was in support of the bill. Discussion.
- 285 REP. RIJKEN called for a vote on REP. BRADBURY's motion. Those voting aye: Bradbury, DeBoer, Jolin, Markham, Parkinson, Roberts, Rijken. Motion passed. Discussion. REP. BRADBURY will carry SB 31-A. REP. DeBOER will carry HB 3171.
- 321 REP. RIJKEN opened the hearing on SB 508-A.
- SB 508-A - Relating to insurance; creating new provisions; amending Oregon Statute and declaring an emergency
- 324 KEITH BURNS, American Council of Life Insurance and Oregon Association of Life Insurance, spoke in support of SB 508-A. He gave background on the drafting of the bill and explained

HOUSE COMMITTEE ON BUSINESS AND CONSUMER AFFAIRS

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the intent of the bill which covers such things as life insurance mortality tables, nonforfeiture interest rates of life insurance policies, etc.

412 FORREST RICHEN, Standard Insurance Co., spoke in support of SB 508-A. He felt SB 508-A would permit development of life insurance policies at lower premium rates and expanded on this. He discussed state standards set up for minimum reserve liabilities for certain types of life insurance contracts.

TAPE 176 SIDE B

004 MR. RICHEN discussed how reserves are calculated using assumed mortality tables and interest rates. Discussion on actuarial tables indicating social change between the sexes. MR. RICHEN also defined "nonforfeiture" as used in the bill. MR. BURNS felt SB 508, if passed, would adapt to changes in mortality tables and expanded on this. MR. RICHEN discussed the mortality table used in current law.

32 MR. RICHEN discussed mortality tables and said they are on the conservative side with margins which have been refined. General discussion.

101 At the request of REP. MARKHAM, MR. RICHEN discussed the 3-1/2% rate which was raised to 4-1/2% which has the potential to be changed every year according to index.

137 Discussion on passage of other senate bill relating to insurance discrimination and how the tables in SB 508 are flexible in adjusting if the other senate bill goes through.

163 Explanation of summary to SB 508 and definition of 4-1/2% rate.

235 General discussion on page 17, lines 15 through 21 of the bill relating to family life policy, primary insured and age of spouse.

409 MR. BURNS said SB 508 is a model bill. Discussion on who the law would apply to if passed and how insurance rates would be affected.

TAPE 177 SIDE B

016 REP. MARKHAM moved SB 508-A to the floor with a Do Pass recommendation. Those voting aye: Bradbury, DeBoer,

HOUSE COMMITTEE ON BUSINESS AND CONSUMER AFFAIRS
July 8, 1981
page 5

Markham, Rijken. Excused: Jolin, Parkinson, Roberts.
Motion passed.

029 REP. RIJKEN adjourned the committee at 3:12 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Sharon Hoevet", with a long horizontal flourish extending to the right.

Sharon Hoevet, Committee Assistant

EXHIBIT SUMMARY:

Exhibit A - Proposed amendments to HB 3171, submitted by Evelyn Ferris, Lawyers Title Insurance

Exhibit B - Letter to Rep. DeBoer on HB 2087, submitted by James Jones, Committee Administrator

Shady Co

June 11, 1981

State Representative
Rebecca De Boer

Dear Mrs. De Boer:

In reference to bill #2087, I understand that you are a member of the committee for Business and Consumer affairs.

I have a back condition, for which medical doctors have examined me and have failed to relieve the discomfort.

Ralph E. Wehinger D.C. took X-rays of my back, found the problems there, and has treated me, and has definitely relieved much of the pain.

Medicare, through Petrus Life and Casualty, has refused to consider any of the cost of these treatments!

In California, a few years ago, when I lived there, a medical doctor could not give me relief, so I consulted a Chiropractor, C. Stagg D.C., and he was able to relieve the pain. Medicare, under Blue Cross, paid the usual 80%

2

of the approved fee.

I find both these results of treatments as proof of the Chiropractic ability to accomplish great relief in many instances.

Why have I not had the same results in settlements from Medicine? Have re-imbursments for Chiropractic procedures been since withdrawn. If so, why?

Certainly, if a Chiropractor has given me relief from pain, when a medical doctor could not, why should I not be covered for his services as I have been with my Medical Doctor?

If Bill #2087 has not been acted upon as yet, I certainly hope it will be during this session of the Legislature!

Please do not shelve it! Please act upon it with open minds toward the Chiropractic profession!

Sincerely yours,

Walter J. Ray