

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	5 - 0 - 2
Yeas:	Berger, Esquivel, Holvey, Rosenbaum, Schaufler
Nays:	0
Exc.:	Edwards C., Smith P.
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	5/9

WHAT THE MEASURE DOES: Changes the current statutory requirement that one-third of a domestic insurer's board of directors be Oregon residents to requiring that one-quarter of the board's directors be residents of this state. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Provisions of the measure

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Oregon insurance regulation statutes require five, or at least one third (whichever is fewer), of the directors of domestic (Oregon) insurers be residents of Oregon. Standard Insurance Company is one of the few remaining Oregon domestic insurance companies, and is seeking more flexibility in keeping and recruiting members with financial and marketing backgrounds to serve on its board. The company is competing with much larger insurers who can offer higher pay to directors. While requiring some minimum level of Oregon residents is considered appropriate, requiring that one-third of board members be Oregon residents restricts the pool of potential directors and makes recruitment of a diverse and well-qualified board more difficult. Because board members are often retirees, this limitation on out-of-state directors could also keep current experienced board members from remaining on the board if they move to another state.

SB 603 would reduce the minimum ratio of resident directors from one-third to one-quarter, or five directors, whichever is fewer.