

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	3 - 0 - 2
Yeas:	Monnes Anderson, Starr, Metsger
Nays:	0
Exc.:	Deckert, George L.
Prepared By:	Janet Adkins, Administrator
Meeting Dates:	4/2

WHAT THE MEASURE DOES: Reduces the required proportion of directors of a domestic insurer that must be residents of Oregon from one-third to one-quarter. Declares an emergency and takes effect on passage.

ISSUES DISCUSSED:

- Interest in diversifying and bringing expertise to board of directors by increasing candidate pool
- Small number of Oregon insurers
- Importance of some minimum number of Oregon resident board members

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.

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