

House Bill 3484

Sponsored by Representative BONAMICI; Representatives BARNHART, BERGER, CAMERON, GILLIAM, MACPHERSON, MAURER, ROBLAN, TOMEI

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**.

Removes prohibition against imposing assessments on annuities to pay expenses of Department of Consumer and Business Services in administering Insurance Code.

Changes requirement for number of persons required to be insured under group life insurance policy. Requires premium for group life insurance policy to be paid from funds of policyholder or from funds contributed by persons insured under policy.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to life insurance; creating new provisions; amending ORS 731.804 and 743.303; and declaring
3 an emergency.

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

5 **SECTION 1.** ORS 731.804 is amended to read:

6 731.804. (1) Except as otherwise provided in this section, each authorized insurer doing business
7 in this state shall pay assessments that the Director of the Department of Consumer and Business
8 Services determines **are** necessary to support the legislatively authorized budget of the Department
9 of Consumer and Business Services with respect to functions of the department under the Insurance
10 Code. The director shall determine the assessments according to one or more percentage rates es-
11 tablished by the director by rule. The director shall specify in the rule when assessments shall be
12 made and payments shall be due. The premium-weighted average of the percentage rates *[shall]* **may**
13 not exceed nine-hundredths of one percent of the gross amount of premiums received by an insurer
14 or *[its]* **the insurer's** insurance producers from and under *[its]* **the insurer's** policies covering di-
15 rect domestic risks, after deducting the amount of return premiums paid and the amount of dividend
16 payments made to policyholders with respect to such policies. In the case of reciprocal insurers, the
17 amount of savings paid or credited to the accounts of subscribers shall be deducted from the gross
18 amount of premiums. In establishing the percentage rate or rates, the director shall use the most
19 recent premium data approved by the director. In establishing the amounts to be collected under this
20 subsection, the director shall take into consideration the expenses of the department for adminis-
21 tering the Insurance Code and the fees collected under subsection (2) of this section. When the di-
22 rector establishes two or more percentage rates:

23 (a) Each rate shall be based on such expenses of the department ascribed by the director to the
24 line of insurance for which the rate is established.

25 (b) Each rate shall be applied to the gross amount of premium received by an insurer or its in-
26 surance producers for the applicable line of insurance as provided in this subsection.

27 (2) The director may collect fees for specific services provided by the department under the In-
28 surance Code according to a schedule of fees established by the director by rule. The director may

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 collect such fees in advance. In establishing the schedule for fees, the director shall take into con-
 2 sideration the cost of each service for which a fee is imposed.

3 (3) Establishment and amendment of the schedule of fees under subsection (2) of this section are
 4 subject to prior approval of the Oregon Department of Administrative Services and a report to the
 5 Emergency Board prior to adopting the fees and shall be within the budget authorized by the Leg-
 6 islative Assembly as that budget may be modified by the Emergency Board.

7 (4) The director may not collect an assessment under subsection (1) of this section from any of
 8 the following persons:

9 (a) A fraternal benefit society complying with ORS chapter 748.

10 (b) Any person or class of persons designated by the director by rule.

11 (5) The director may not collect an assessment under subsection (1) of this section with respect
 12 to premiums received from any of the following policies:

13 (a) Workers' compensation insurance policies.

14 [(b) Annuity policies, whether fixed or variable in nature.]

15 [(c)] (b) Wet marine and transportation insurance policies.

16 [(d)] (c) Any category of policies designated by the director by rule.

17 **SECTION 2.** ORS 743.303 is amended to read:

18 743.303. Policies of group life insurance are subject to the following requirements:

19 (1) The policy shall be issued upon the lives of persons who are associated in a common group
 20 formed for purposes other than the obtaining of insurance, except that either of the following kinds
 21 of policies may be issued to persons other than those in a common group:

22 (a) Group policies of credit life insurance; or

23 (b) Group policies of mortgage life insurance on first and second mortgages secured by real
 24 estate[;].

25 (2) [*Not less than 75 percent of the eligible members of the group or 10 lives, whichever is the*
 26 *greater,*] **No fewer than two lives** are insured at the date of issue of the policy[;].

27 (3) The amounts of insurance under the policy shall be based on some plan precluding individual
 28 selection, except that optional supplemental insurance may be available to persons insured under the
 29 policy, if the amounts of such supplemental insurance are based upon age, salary, rank or similar
 30 objective standards[;].

31 (4) [*The person contracting for the group coverage shall be responsible for the payment of premi-*
 32 *ums;*] **The premium for the policy must be paid from the funds of the group policyholder or**
 33 **from funds contributed by persons insured under the policy, or from both sources.**

34 (5) For the purposes of this section, the term "mortgage" includes trust deeds[; and].

35 (6) As used in this section, "trust deed" has the meaning given in ORS 86.705.

36 **SECTION 3. (1) The amendments to ORS 731.804 by section 1 of this 2007 Act apply to**
 37 **insurance and annuities issued on or after the effective date of this 2007 Act.**

38 **(2) The amendments to ORS 743.303 by section 2 of this 2007 Act become operative Jan-**
 39 **uary 1, 2008.**

40 **SECTION 4. This 2007 Act being necessary for the immediate preservation of the public**
 41 **peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect**
 42 **on its passage.**