

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass the A-Engrossed Measure
Vote:	4 - 0 - 1
Yeas:	Kruse, Morse, Shields, Monnes Anderson
Nays:	0
Exc.:	Bates
Prepared By:	Brian Niebuurt, Administrator
Meeting Dates:	5/9

WHAT THE MEASURE DOES: Clarifies applicability of policies and contracts under the Oregon Life and Health Insurance Guaranty Association (Guaranty Association). Subdivides the health insurance account administered by the Guaranty Association into three subaccounts. Clarifies duties and powers of Guaranty Association when member insurer becomes insolvent. Increases maximum benefit limits for health insurance subaccounts and structured settlement annuities, and the maximum aggregate benefit for which the Guaranty Association is liable. Clarifies the Guaranty Association's rights with respect to reinsurance. Increases the maximum assessment amount for basic operating expenses from \$150 to \$300 per member insurer per year. Requires the Guaranty Association's plan of operations to include procedures for removing a member of the board of directors for cause and addressing a conflict of interest. Declares an emergency, effective upon passage.

ISSUES DISCUSSED:

- Purpose of Guaranty Association
- Importance of uniformity with other states
- Protection of policy owners
- Location of Guaranty Association funds

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Guaranty Association was created in 1975 when the Legislative Assembly enacted the Oregon Guaranty Association Act (Act), and is comprised of all insurers licensed in the state to sell life, accident, and health insurance, as well as individual annuities. In the event that a member insurer is insolvent and ordered by a court to be liquidated, the Act enables the Guaranty Association to provide protection to Oregon residents who are holders of policies or annuities with the insolvent insurer.

House Bill 2087-A brings the Guaranty Association's statutory provisions in line with national model laws developed by the National Association of Insurance Commissioners. This update accomplishes three key things. First, within the health insurance account, the bill establishes subaccounts for disability insurance, long term care insurance, and major medical and all other health insurance. Second, House Bill 2087-A increases the coverage and aggregate limits for which the Guaranty Association is liable. The bill increases the coverage limit for long term care and disability policies from \$100,000 to \$300,000; the limit for major medical and other health insurance from \$100,000 to \$500,000; and the limit for structured settlement annuities from \$100,000 to \$250,000. The aggregate limit for major medical and other health insurance also increases from \$300,000 to \$500,000. Finally, the bill also increases the maximum allowable administrative assessment on member insurers from \$150 to \$300. The coverage and aggregate limits and administrative assessments have not changed since 1991.

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This summary has not been adopted or officially endorsed by action of the committee.