

Enrolled House Bill 2087

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor John A. Kitzhaber for Department of Consumer and Business Services)

CHAPTER

AN ACT

Relating to the Oregon Life and Health Insurance Guaranty Association; creating new provisions; amending ORS 734.760, 734.790, 734.800, 734.805, 734.810, 734.815, 734.820, 734.840, 734.870 and 734.880; and declaring an emergency.

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

SECTION 1. ORS 734.760 is amended to read:

734.760. As used in ORS 734.750 to 734.890, unless the context requires otherwise:

(1) "Account" means *[any]* **one** of the three accounts created under ORS 734.800.

(2) "Association" means the Oregon Life and Health Insurance Guaranty Association created under ORS 734.800.

(3) "Contractual obligation" means any obligation under **a covered** *[policies]* **policy or contract or a certificate under a group policy or contract.**

(4) "Covered policy" means any policy or contract **or a certificate under a group policy or contract** to which ORS 734.750 to 734.890 apply.

(5) "**Disability insurance**" means **health insurance that provides income payments to an insured wage earner whose income is interrupted due to an accident or illness. "Disability insurance" does not include workers' compensation insurance.**

[(5)] (6) "Impaired insurer" means a member insurer *[deemed by the Director of the Department of Consumer and Business Services]* **that is subject to an order of rehabilitation under ORS 734.063 or an order of conservation under ORS 734.200** after September 13, 1975*[, to be potentially unable to fulfill its contractual obligations, excluding]*. "**Impaired insurer**" **does not include an** insolvent *[insurers]* **insurer.**

[(6)] (7) "Insolvent insurer" means *[an insurer:]*

[(a)] *That was a member insurer either at the time the policy was issued or when the insured event occurred, or any insurer that has acquired direct policy obligations from a member insurer through purchase, merger, consolidation, reinsurance or otherwise, whether or not the acquiring insurer held a certificate of authority to transact insurance in this state at the time the policy was issued or when the insured event occurred; and]*

[(b)] **a member insurer** that, after September 13, 1975, *[becomes insolvent and]* is placed under *[a final]* **an** order of liquidation*[, rehabilitation or conservation]* by a court of competent jurisdiction **with a finding of insolvency.**

(8) "**Long term care insurance**" **has the meaning given that term in ORS 743.652.**

[(7)] (9)(a) "Member insurer" means any insurer **currently** authorized to transact in this state any kind of insurance to which ORS 734.750 to 734.890 apply*[.]*, **regardless of whether the**

insurer's authorization to transact insurance was, in the past, suspended, revoked, not renewed or voluntarily withdrawn.

(b) "Member insurer" does not include:

(A) A hospital or medical service organization, whether for-profit or nonprofit;

(B) A health maintenance organization;

(C) A fraternal benefit society;

(D) A mandatory state pooling plan;

(E) A mutual assessment company or other person that operates on an assessment basis;

(F) An insurance exchange; or

(G) An organization that has a certificate of authority limited to the issuance of charitable gift annuities under ORS 731.038.

[8] (10) "Premiums" means direct gross insurance, including annuity, premiums written on covered policies, less return premiums thereon and dividends paid or credited to policyholders on such direct business. "Premiums" does not include premiums on contracts between insurers and reinsurers or any premiums on policies or contracts excluded under ORS 734.790.

(11)(a) "Principal place of business" means:

(A) For a plan sponsor or a person other than a natural person, the state in which the natural persons who establish policy for the direction, control and coordination of the operations of the entity as a whole primarily exercise that function, as determined by the association after considering the following factors:

(i) The state in which the primary executive and administrative headquarters of the entity is located;

(ii) The state in which the principal office of the chief executive officer of the entity is located;

(iii) The state in which the board of directors or governing body of the entity conducts the majority of its meetings;

(iv) The state in which the executive or management committee of the board of directors of the entity conducts the majority of its meetings; and

(v) The state from which the management of the overall operations of the entity is directed.

(B) For a benefit plan sponsored by affiliated companies comprising a consolidated corporation, the state in which the holding company or controlling affiliate has its principal place of business as determined using the factors set forth in subparagraph (A) of this paragraph.

(C) For a plan sponsor of a benefit plan for which more than 50 percent of the participants in the benefit plan are employed in a single state, the state in which those participants are employed.

(D) Absent a specific or clear designation of a principal place of business for a plan sponsor of a benefit plan established or maintained by two or more employers or jointly by one or more employers and one or more employee organizations, the principal place of business of the association, committee, joint board of trustees or other governing body of the employer or employee organization that has the largest investment in the benefit plan.

(b) As used in this subsection, "plan sponsor" means:

(A) The employer for a benefit plan established or maintained by a single employer.

(B) The employee organization for a benefit plan established or maintained by an employee organization.

(C) For a benefit plan established or maintained by two or more employers or jointly by one or more employers and one or more employee organizations, the association, committee, joint board of trustees or other governing bodies of the parties that establish or maintain the benefit plan.

[9] (12) "Resident" means a person to whom contractual obligations are owed by a member insurer *[which is determined to be an impaired or insolvent insurer at a time when the person is a*

resident of this state.] and who resides in this state on the date a court order is entered that determines the member insurer to be an impaired insurer or an insolvent insurer. A person may be a resident of only one state, which in the case of a person other than a natural person shall be its principal place of business. A citizen of the United States who resides in a foreign country, or resides in a United States possession, territory or protectorate that does not have an association similar to the association created under ORS 734.800, shall be considered a resident of the state of domicile of the insurer that issued the policies or contracts. If a person could be covered by the association of another state, whether as an owner, payee, beneficiary or assignee, ORS 734.750 to 734.890 shall be construed with the laws of the other state to result in coverage by only one association.

(13) “Structured settlement annuity” means an annuity purchased to fund periodic payments for a plaintiff or other claimant in payment for or with respect to personal injury suffered by the plaintiff or other claimant.

(14) “Supplemental contract” means a written agreement entered into for the distribution of proceeds under a life or health insurance policy or an annuity contract.

(15) “Unallocated annuity contract” means an annuity contract or group annuity certificate that is not issued to and owned by an individual, except to the extent that any annuity benefits may be guaranteed to an individual under the contract or certificate.

SECTION 2. ORS 734.790 is amended to read:

734.790. (1) ORS 734.750 to 734.890 provide coverage [*to the following persons*] for policies and contracts specified in subsection (2) of this section **to the following persons who are not provided coverage under the laws of another state:**

(a) To a person who is a resident, if the person is an owner of or a certificate holder under the policy or contract **other than a structured settlement annuity** or, in the case of an unallocated annuity contract, an employee participating in a governmental retirement plan established under section 401, 403(b) or 457 of the United States Internal Revenue Code or the beneficiaries of each such individual if deceased.

(b) To a person who is not a resident, if the person is an owner of or a certificate holder under the policy or contract **other than a structured settlement annuity** or, in the case of an unallocated annuity contract, an employee participating in a governmental retirement plan established under section 401, 403(b) or 457 of the United States Internal Revenue Code or the beneficiaries of each such individual if deceased. This paragraph applies to a person who is not a resident only if all of the following conditions are met:

(A) The insurer that issued the policy or contract must be a [*domestic*] **member** insurer.

[(B) *The insurer must never have held a license or certificate of authority in the state in which the person resides.*]

[(C)] (B) The state in which the person resides must have an association similar to the Oregon Life and Health Insurance Guaranty Association.

[(D)] (C) The person must not be eligible for coverage by [*the*] **an** association in the state in which the person resides, as described in subparagraph [(C)] (B) of this paragraph, **due to the fact that the insurer was not authorized to transact insurance or licensed in that state at the time specified in the state’s guaranty association law.**

(c) To a person who, regardless of where the person resides, is a beneficiary, assignee or payee of the persons covered under paragraph (a) or (b) of this subsection. This paragraph does not include a nonresident certificate holder under a group policy or contract.

(d) **To a person who is a payee under a structured settlement annuity, or to the beneficiary of a payee if the payee is deceased, if the payee:**

(A) **Is a resident, regardless of where the contract owner resides; or**

(B) **Is not a resident, but only under both of the following conditions:**

(i) **The contract owner of the structured settlement annuity is a resident and is not afforded any coverage by an association in another state that is similar to the association created under ORS 734.800, or the contract owner of the structured settlement annuity is**

not a resident but the insurer that issued the structured settlement annuity is domiciled in this state and the state in which the contract owner resides has an association similar to the association created under ORS 734.800; and

(ii) Neither the payee or beneficiary nor the contract owner of the structured settlement annuity is eligible for coverage by the association of the state in which the payee or contract owner resides.

(2) **Except as limited by ORS 734.750 to 734.890, the association shall provide coverage to the persons specified in subsection (1) of this section for direct [life insurance, including annuity, policies, health insurance policies, and contracts supplemental to life and health insurance policies, issued by authorized insurers] nongroup life or health insurance policies or annuity contracts, for certificates under direct group policies or contracts, and for supplemental contracts to any of these, in each case issued by member insurers.**

(3) ORS 734.750 to 734.890 do not provide coverage for:

[(a) That portion or part of a variable life insurance or variable annuity policy not guaranteed by an insurer.]

[(b)] (a) That portion [or part] of any policy or contract **not guaranteed by the member insurer** or under which the risk is borne by the policyholder or contract owner.

[(c)] (b) Any policy or contract or part thereof assumed by the impaired or insolvent insurer under a contract of reinsurance, other than reinsurance for which assumption certificates have been issued.

[(d)] (c) Any policy or contract issued by a health care service contractor complying with ORS 750.005 to 750.095.

[(e)] (d) Any policy or contract issued by a fraternal benefit society.

[(f)] (e) Any portion of a policy or contract to the extent that the **interest rate [of interest]** on which [it] **the policy or contract** is based, **or to the extent that the interest rate, crediting rate or similar factor determined by use of an index or other external reference stated in the policy or contract for the purpose of calculating returns or changes in value:**

(A) Exceeds, when averaged over the period of four years prior to the date on which the [association becomes obligated with respect to the policy or contract] **member insurer becomes either an impaired or insolvent insurer under ORS 734.750 to 734.890, whichever occurs first**, a rate of interest determined by subtracting four percentage points from Moody's Corporate Bond Yield Average averaged for that same four-year period or for a lesser period if the policy or contract was issued less than four years before the [association became obligated] **member insurer becomes either an impaired or insolvent insurer under ORS 734.750 to 734.890, whichever occurred first**; and

(B) Exceeds, on and after the date on which the [association becomes obligated with respect to the policy or contract,] **member insurer becomes either an impaired or insolvent insurer under ORS 734.750 to 734.890, whichever occurs first**, the rate of interest determined by subtracting three percentage points from Moody's Corporate Bond Yield Average as most recently available.

[(g)] (f) Any **portion of a policy or contract issued to a plan or program** of an employer, association or similar entity to provide life **insurance**, health **insurance** or annuity benefits to its employees or members to the extent that the plan or program is self-funded or uninsured, including benefits payable by an employer, association or similar entity under any of the following:

(A) A multiple employer welfare arrangement as defined in section [514] **3(40) (29 U.S.C. 1002(40))** of the Employee Retirement Income Security Act of 1974, as amended.

(B) A minimum premium group insurance plan.

(C) A stop-loss group insurance plan.

(D) An administrative services only contract.

[(h)] (g) Any portion of a policy or contract to the extent that it provides dividends or experience rating credits **or voting rights**, or provides that any fees or allowances be paid to any person, including the [policy or contract holder] **policyholder or contract owner**, in connection with the service to or administration of the policy or contract.

[(i)] **(h)** Any policy or contract issued in this state by a member insurer at a time that [(it)] **the insurer** did not have a certificate of authority to issue the policy or contract in this state.

[(j)] **(i)** Any unallocated annuity contract issued to **or in connection with** an employee benefit plan protected under the federal Pension Benefit Guaranty Corporation, **regardless of whether the federal Pension Benefit Guaranty Corporation has yet become liable to make any payments with respect to the benefit plan.**

[(k)] **(j)** Any portion of any unallocated annuity contract that is **not** issued to or in connection with [a *specific employee, union or association of natural persons benefit plan, other than*] a government retirement plan referred to in subsection (1) of this section, or a government lottery.

[(L)] **(k)** Any coverage issued by the Oregon Medical Insurance Pool.

(L) Any portion of a policy or contract to the extent that the assessments required by ORS 734.815 with respect to the policy or contract are preempted by federal or state law.

(m) An obligation that does not arise under the express written terms of the policy or contract issued by the insurer to the policyholder or contract owner, including but not limited to:

(A) Claims based on marketing materials;

(B) Claims based on side letters, riders or other documents that were issued by the insurer without meeting applicable policy or contract form filing or approval requirements;

(C) Misrepresentations of, or regarding, policy or contract benefits;

(D) Extracontractual claims, including but not limited to claims related to bad faith in the payment of claims, punitive or exemplary damages or attorney fees or costs; or

(E) A claim for penalties or consequential or incidental damages.

(n) A contractual agreement that establishes the member insurer's obligations to provide a book value accounting guaranty for defined contribution benefit plan participants by reference to a portfolio of assets that is owned by the benefit plan or its trustee that in either case is not an affiliate of the member insurer.

(o) Any portion of a policy or contract to the extent that portion provides for interest or other changes in value to be determined by the use of an index or other external reference stated in the policy or contract, but the changes in value have not been credited to the policy or contract, or as to which the policyholder's or contract owner's rights are subject to forfeiture, as of the date on which the member insurer becomes either an impaired or insolvent insurer, whichever occurs first. If the interest or changes in value in a policy or contract are credited less frequently than annually, for purposes of determining the values that have been credited and are not subject to forfeiture under this paragraph, the interest or change in value that is determined by using the procedures specified in the policy or contract shall be credited as if the contractual date of crediting interest or changing value was the date of the impairment or insolvency, whichever is earlier, and may not be subject to forfeiture.

(p) Any policy or contract providing any hospital, medical, prescription drug or other health care benefits under Part C or Part D of subchapter XVIII, chapter 7, Title 42 of the United States Code, or any regulations issued under those provisions.

(4) As used in this section, "Moody's Corporate Bond Yield Average" means the Monthly Average Corporates as published by Moody's Investors Service, Inc., or any successor thereto.

SECTION 3. ORS 734.800 is amended to read:

734.800. (1) There is created a nonprofit legal entity to be known as the Oregon Life and Health Insurance Guaranty Association. All member insurers shall be and remain members of the association as a condition of their authority to transact insurance in this state. The association shall perform its functions under the plan of operation established and approved under ORS 734.820, and shall exercise its powers through a board of directors established under ORS 734.805. For purposes of administration and assessment, the association shall maintain three accounts:

(a) The health insurance account[;], **composed of the following subaccounts:**

(A) The disability insurance subaccount;

- (B) **The long term care insurance subaccount; and**
- (C) **The major medical and all other health insurance subaccount;**
- (b) The life insurance account; and
- (c) The annuity account.

(2) The association shall come under the immediate supervision of the Director of the Department of Consumer and Business Services and shall be subject to the applicable provisions of the insurance laws of this state.

SECTION 4. ORS 734.805 is amended to read:

734.805. (1) The board of directors of the Oregon Life and Health Insurance Guaranty Association shall consist of not less than five nor more than nine **members who represent** member insurers, serving terms as established in the plan of operation. The members of the board shall be selected by member insurers, subject to the approval of the Director of the Department of Consumer and Business Services. Vacancies on the board shall be filled for the remaining period of the term by a majority vote of the remaining board members, subject to the approval of the Director **of the Department of Consumer and Business Services**. To select the initial board of directors, and initially organize the association, the Director **of the Department of Consumer and Business Services** shall give notice to all member insurers of the time and place of the organizational meeting. In determining voting rights at the organizational meeting each member insurer shall be entitled to one vote in person or by proxy. If the board of directors is not selected within 60 days after notice of the organizational meeting, the Director **of the Department of Consumer and Business Services** may appoint the initial members.

(2) In approving selections or in appointing members to the board, the Director **of the Department of Consumer and Business Services** shall consider, among other things, whether all member insurers are fairly represented.

(3) Members of the board of directors may be reimbursed from the assets of the association for expenses incurred by them as members of the board, but members of the board [*shall*] **may** not otherwise be compensated by the association for their services.

SECTION 5. ORS 734.810, as amended by section 1, chapter 26, Oregon Laws 2010, is amended to read:

734.810. [*In addition to the other powers and duties enumerated in ORS 734.750 to 734.890:*]

(1) If a [*domestic*] **member** insurer is an impaired insurer, the Oregon Life and Health Insurance Guaranty Association [*may*], **in its discretion and** subject to any conditions imposed by the association and approved by [*the impaired insurer and*] the Director of the Department of Consumer and Business Services, other than those which impair the contractual obligations of the impaired insurer, **may**:

(a) Guarantee, **assume** or reinsure, or cause to be guaranteed, assumed[,] or reinsured, any or all of the covered policies of the impaired insurer.

(b) Provide such [*money*] **moneys**, pledges, notes, **loans**, guarantees or other means as are proper to implement paragraph (a) of this subsection and [*assure*] **ensure** payment of the contractual obligations of the impaired insurer pending action under paragraph (a) of this subsection.

[*c*] *Loan money to the impaired insurer.*

(2) If a member insurer is an insolvent insurer, the association [*shall*], **in its discretion and** subject to the approval of the director, **shall take either of the following steps**:

(a)(A) Guarantee, assume[,] or reinsure, or cause to be guaranteed, assumed[,] or reinsured, the covered policies of the insolvent insurer;

[*b*] (B) [*Assure*] **Ensure** payment of the contractual obligations of the insolvent insurer; and

[*c*] (C) Provide such [*money*] **moneys**, pledges, notes, **loans**, guarantees or other means as are reasonably necessary to discharge such duties.

(b) **Provide benefits and coverages in accordance with the following provisions:**

(A) **For life and health insurance policies and annuity contracts, the association shall ensure that the payment of benefits for premiums, except for terms of conversion and renewability, under the replacement coverage provided by the association is identical to the**

payment of benefits for premiums that would have been payable under the policies or contracts of the insolvent insurer, for claims incurred:

(i) With respect to group policies and contracts, not later than the earlier of the next renewal date under those policies or contracts or 45 days, but in no event less than 30 days, after the date on which the association becomes obligated with respect to the policies or contracts.

(ii) With respect to nongroup policies and contracts, if any, not later than the earlier of the next renewal date under those policies or contracts or one year, but in no event less than 30 days, after the date on which the association becomes obligated with respect to the policies or contracts.

(B) The association shall make diligent efforts to provide a 30-day notice of the termination of the benefits provided under subparagraph (A) of this paragraph to all known insureds or annuitants for nongroup policies and contracts, or to group policyholders or contract owners with respect to group policies and contracts.

(C) For nongroup life and health insurance policies and annuities covered by the association, the association shall make substitute coverage available to each known insured or annuitant, or owner if other than the insured or annuitant. For an individual formerly insured or formerly an annuitant under a group policy who is not eligible for replacement group coverage, the association shall make available substitute coverage on an individual basis in accordance with the provisions of subparagraph (D) of this paragraph, if the insureds or annuitants had a right under law or under the terminated policy or annuity to convert coverage to individual coverage or to continue an individual policy or annuity that was already in force until a specified age or for a specified time, during which the insurer had no right to make changes unilaterally in any provision of the policy or annuity or had a right to make changes only to premiums or to classes of risk.

(D) In providing the substitute coverage required under subparagraph (C) of this paragraph, the association:

(i) May offer either to reissue the terminated coverage or to issue an alternative policy.

(ii) Shall offer alternative or reissued policies without requiring evidence of insurability.

(iii) May not impose any waiting period or exclusion that would not have applied under the terminated policy.

(iv) May reinsure any alternative or reissued policy.

(E) Any alternative policy adopted by the association must:

(i) Be approved by the Director of the Department of Consumer and Business Services and the court. The association may adopt alternative policies of various types for future issuance without regard to any particular impairment or insolvency.

(ii) Contain at least the minimum statutory provisions required in this state and provide benefits that are not unreasonable in relation to the premium charged. The association shall set the premium in accordance with a table of rates adopted by the association. The premium shall reflect the amount of insurance to be provided and the age and class of risk of each insured, but may not reflect any changes in the health of the insured after the original policy was last underwritten.

(iii) Provide coverage of a type similar to that of the policy issued by the insolvent insurer, as determined by the association.

(F) If the association elects to reissue terminated coverage at a premium rate that is different from the premium rate that was charged under the terminated policy, the premium rate shall be set by the association, in accordance with the amount of insurance provided and the age and class of risk, and be subject to approval by the Director of the Department of Consumer and Business Services and the court.

(G) The association's obligations with respect to coverage under any policy of the insolvent insurer or under any reissued or alternative policy shall cease on the date on which the

coverage or policy is replaced by another similar policy by the policyholder, the insured or the association.

(H) When proceeding under this subsection with respect to a policy or contract that carries a guaranteed minimum interest rate, the association shall ensure the payment or crediting of a rate of interest consistent with the provisions of ORS 734.790 (3).

(3) Nonpayment of premiums within 31 days after the date required under the terms of any guaranteed, assumed, alternative or reissued policy or contract or substitute coverage shall terminate the association's obligations under the policy, contract or substitute coverage under ORS 734.750 to 734.890 with respect to the policy, contract or substitute coverage, except with respect to any claims incurred or any net cash surrender value or net cash withdrawal value that may be due in accordance with the provisions of ORS 734.750 to 734.890.

(4) Premiums due for coverage after entry of an order of liquidation of an insolvent insurer shall belong to and be payable at the direction of the association. At the request of the liquidator of an insolvent insurer, the association shall provide a report to the liquidator regarding any premium collected by the association. The association is liable for unearned premiums due to policyholders or contract owners arising after the entry of the order.

(5) The protection provided by ORS 734.750 to 734.890 does not apply where any guaranty protection is provided to residents of this state by the laws of the domiciliary state or jurisdiction of the impaired or insolvent insurer other than this state.

[(3)(a)] (6)(a) In carrying out its duties under subsection (2) of this section, the association may impose permanent policy liens or contract liens in connection with any guaranteed, assumption or reinsurance agreement, if the court considering the lien finds that the amounts [which] that can be assessed under ORS 734.750 to 734.890 are less than the amounts needed to [assure] ensure full and prompt performance of the insolvent insurer's contractual obligations or that the economic or financial conditions affecting member insurers are sufficiently adverse to render the imposition of policy or contract liens to be in the public interest, and approves the specific policy liens or contract liens to be used.

(b) [Before being obligated] In carrying out its duties under subsection (2) of this section, the association may request that there be imposed temporary moratoriums or liens on payments of cash values and policy loans or temporary moratoriums on the right to withdraw funds held in conjunction with the policies or contracts, in addition to any contractual provisions for deferral of cash or policy loan values, and such temporary moratoriums and liens may be imposed if they are approved by the court. In addition, in the event of a temporary moratorium or moratorium charge imposed by the court on payment of cash values or policy loan values, or on any other right to withdraw funds held in conjunction with policies or contracts, out of the assets of the impaired or insolvent insurer, the association may defer the payment of cash values, policy loan values and other rights by the association for the period of the temporary moratorium or moratorium charge that is imposed by the court, except for claims that are covered by the association to be paid in accordance with a hardship procedure that is established by the liquidator or rehabilitator and approved by the court.

[(4)] (7) If the association fails to act as required in subsection (2) of this section within a reasonable time, the director shall have the powers and duties of the association under ORS 734.750 to 734.890 with respect to insolvent insurers.

[(5)] (8) The association may render assistance and advice to the director, upon request of the director, concerning rehabilitation, payment of claims, continuance of coverage or the performance of other contractual obligations of any impaired or insolvent insurer.

[(6)] (9) The association shall have standing to **intervene or** appear before any court **or agency** in this state having jurisdiction over an impaired or insolvent insurer concerning which the association is or may become obligated under ORS 734.750 to 734.890 **or with jurisdiction over any person or property against which the association has rights through subrogation or otherwise.** Such standing shall extend to all matters germane to the powers and duties of the association

including, but not limited to, proposals for reinsuring, **modifying** or guaranteeing the covered policies of the impaired or insolvent insurer and the determination of the covered policies and contractual obligations. The association may also appear or intervene before a court **or agency** in another state with jurisdiction over an impaired or insolvent insurer for which the association is or may become obligated or with jurisdiction over *[a third party]* **any person or property** against whom the association may have rights through subrogation *[of the policyholders of the insurer]* **or otherwise**.

[(7)(a)] **(10)(a)** Any person receiving benefits under ORS 734.750 to 734.890 shall be considered to have assigned the rights under, and any causes of action **against any person for losses arising under, resulting from or otherwise** relating to, the covered policy to the association to the extent of the benefits received because of ORS 734.750 to 734.890, whether the benefits are payments of or on account of contractual obligations or continuation of coverage. The association may require an assignment to *[it]* **the association** of such rights by any payee, *[policy or]* **policyholder**, contract owner, beneficiary, insured or annuitant as a condition precedent to the receipt of any rights or benefits conferred by ORS 734.750 to 734.890 upon such person. The association shall be subrogated to these rights against the assets of any **impaired or** insolvent insurer.

(b) The subrogation rights of the association under this subsection shall have the same priority against the assets of the **impaired or** insolvent insurer as that possessed by the person entitled to receive benefits under ORS 734.750 to 734.890.

(c) **In addition to the rights set forth in paragraphs (a) and (b) of this subsection, the association may exercise any common law rights of subrogation or any other equitable or legal remedy that would have been available to the impaired or insolvent insurer or to the policyholder or contract owner, beneficiary or payee of a policy or contract with respect to the policy or contract. In the case of a structured settlement annuity, these rights include but are not limited to any rights of the policyholder or contract owner, beneficiary or payee of the annuity, to the extent of benefits received under ORS 734.750 to 734.890, against a person originally or by succession responsible for the losses arising from the personal injury relating to the annuity or payment therefor, with the exception of a person responsible solely by reason of serving as an assignee in respect of a qualified assignment under section 130 of the federal Internal Revenue Code.**

(d) **If the provisions of this subsection are determined by a court to be invalid or ineffective with respect to any person or claim for any reason, the association shall reduce the amount payable by the association with respect to the related covered obligations by the amount realized by any other person with respect to the person or claim that is attributable to the policies or contracts covered by the association.**

(e) **If the association provides benefits with respect to a covered obligation and a person recovers amounts to which the association has rights as described in this subsection, the person shall pay to the association the portion of the recovery attributable to the policies or contracts covered by the association.**

[(8)] **(11)** The contractual obligations of the **impaired or** insolvent insurer for which the association becomes or may become liable *[shall]* **may** not exceed the lesser of:

(a) The contractual obligations for which the **impaired or insolvent** insurer is liable or would have been liable if it were not an **impaired or** insolvent insurer, unless such obligations are reduced as permitted by subsection *[(3)]* **(6)** of this section; *[or]*

(b) *[The applicable following benefits, subject to subsection (9) of this section]* **With respect to any one life, regardless of the number of policies or contracts:**

(A) \$300,000 in life insurance death benefits, but not more than \$100,000 in net cash surrender and net cash withdrawal values for life insurance, *[with respect to any one life, regardless of the number of policies or contracts]*.

(B) \$100,000 in health insurance benefits **other than basic hospital, medical and surgical insurance, major medical insurance, disability insurance or long term care insurance**, including

any net cash surrender and net cash withdrawal values[, *with respect to any one life, regardless of the number of policies or contracts*].

(C) \$300,000 in disability insurance benefits.

(D) \$300,000 in long term care insurance benefits.

(E) \$500,000 in basic hospital, medical and surgical insurance or major medical insurance.

[(C)] **(F) \$250,000 in the present value of annuity benefits, including any net cash surrender and net cash withdrawal values[, *with respect to any one life, regardless of the number of policies or contracts*].;**

(c) With respect to each payee of a structured settlement annuity or the beneficiary of the payee if deceased, \$250,000 in the present value of annuity benefits, in the aggregate, including any net cash surrender and net cash withdrawal values; or

[(D)] **(d) \$250,000 in the present value of annuity benefits, in the aggregate, including any net cash surrender and net cash withdrawal values, with respect to each individual participating in a governmental retirement plan established under section 401, 403(b) or 457 of the United States Internal Revenue Code covered by an unallocated annuity contract or the beneficiaries of each such individual if deceased.**

[(9)] *The association shall not be liable for more than \$300,000 in the aggregate with respect to any one individual under subsection (8)(b) of this section.*

[(10)] *Subject to the applicable limitation with respect to any one individual under subsections (8) and (9) of this section, the benefits for which the association may become liable with respect to any one owner of policies or contracts other than an unallocated annuity contract to which subsection (8)(b)(D) of this section applies, whether the owner is an individual, corporation or other person, shall not exceed \$5 million in benefits in the aggregate for all persons covered by such policies or contracts, regardless of the number of the policies and contracts held by the owner.*

(12) The association may not be liable for more than:

(a) \$300,000 in benefits, in the aggregate, with respect to any one life under subsection (11)(b), (c) and (d) of this section, with the exception of benefits under subsection (11)(b)(E) of this section, in which case the aggregate liability of the association may not exceed \$500,000 with respect to any one life.

(b) With respect to one policyholder of multiple nongroup policies of life insurance, regardless of whether the policyholder is an individual, firm, corporation or other person, and whether the persons insured are officers, managers, employees or other persons, \$5 million in benefits, regardless of the number of policies and contracts held by the policyholder.

(13) The limitations set forth in subsections (11) and (12) of this section are limitations on the benefits for which the association is obligated before taking into account either its subrogation and assignment rights or the extent to which those benefits could be provided out of the assets of the impaired or insolvent insurer attributable to covered policies. The costs of the association's obligations under ORS 734.750 to 734.890 may be met by the use of assets attributable to covered policies or reimbursed to the association under its subrogation and assignment rights.

(14) In performing its obligations to provide coverage under ORS 734.750 to 734.890, the association is not required to guarantee, assume, reinsure or perform, or cause to be guaranteed, assumed, reinsured or performed, any contractual obligation of the impaired or insolvent insurer or contract owner under a covered policy that does not materially affect the economic values or economic benefits of the covered policy or contract.

[(11)] **(15) The association may:**

(a) Enter into such contracts as are necessary or proper to carry out the provisions and purposes of ORS 734.750 to 734.890.

(b) Sue or be sued, including taking any legal actions necessary or proper for recovery of any unpaid assessments under ORS 734.815 and to settle claims or potential claims against the association.

(c) Borrow money to effect the purposes of ORS 734.750 to 734.890. Any notes or other evidence of indebtedness of the association not in default shall be legal investments for [*domestic*] **member** insurers and may be carried as admitted assets.

(d) Employ or retain such persons as are necessary to handle the financial transactions of the association, and to perform such other functions as become necessary or proper under ORS 734.750 to 734.890.

(e) Negotiate and contract with any liquidator, rehabilitator, conservator or ancillary receiver to carry out the powers and duties of the association.

(f) Take such legal action as may be necessary to avoid payment of improper claims.

(g) Exercise, for the purposes of ORS 734.750 to 734.890 and to the extent approved by the director, the powers of a [*domestic*] **member** life or health insurer, but in no case may the association issue policies other than those issued to perform the contractual obligations of the impaired or insolvent insurer.

(h) Organize itself as a corporation or other legal form permitted by the laws of this state.

(i) Request information from a person seeking coverage from the association to aid the association in determining its obligations under ORS 734.750 to 734.890 with respect to that person.

(j) Take any other necessary or appropriate action to discharge its duties and obligations and to exercise its powers under ORS 734.750 to 734.890.

(16) The duties and powers of the association described in this section are in addition to any other duties and powers of the association described in ORS 734.750 to 734.890.

(17)(a) Within 180 days after the date of the order of liquidation, the association may succeed to the rights and obligations of the ceding member insurer that relate to policies or annuities covered, in whole or in part, by the association, in each case under any one or more reinsurance contracts entered into by the insolvent insurer and its reinsurers and selected by the association. Any such assumption shall be effective as of the date of the order of liquidation. The election shall be effected by the association sending written notice, return receipt requested, to the affected reinsurers.

(b) To facilitate the earliest practicable decision about whether to assume any of the contracts of reinsurance, and in order to protect the financial position of the estate, the receiver and each reinsurer of the ceding member insurer shall make available upon request to the association as soon as possible after commencement of formal delinquency proceedings copies of in-force contracts of reinsurance and all related files and records relevant to the determination of whether such contracts should be assumed, and notices of any defaults under the reinsurance contracts or any known event or condition which with the passage of time could become a default under the reinsurance contracts.

(c) For any reinsurance contracts assumed by the association under paragraphs (a) and (b) of this subsection:

(A) The association is responsible for all unpaid premiums due under the reinsurance contracts for periods both before and after the date of the order of liquidation, and shall be responsible for the performance of all other obligations to be performed after the date of the order of liquidation, related to policies or annuities covered by the reinsurance contract, in whole or in part, by the association. The association may charge policies or annuities covered in part by the association, through reasonable allocation methods, the costs for reinsurance in excess of the obligations of the association and shall provide notice and an accounting of those charges to the liquidator.

(B) The association is entitled to any amounts payable by the reinsurer under the reinsurance contracts with respect to losses or events that occur in periods after the date of the order of liquidation and that relate to policies or annuities covered, in whole or in part, by the association. Upon receipt of any such amounts, the association shall pay the beneficiary

under the policy or annuity on account of which the amounts were paid a portion of the amount equal to the lesser of:

- (i) The amount received by the association; or
- (ii) The amount received by the association that is in excess of the amount equal to the benefits paid by the association on account of the policy or annuity minus the amount retained by the insurer applicable to the loss or event.

(C) Within 30 days following the association's election, the association and each reinsurer shall calculate the net balance due to or from the association under each reinsurance contract as of the election date with respect to policies or annuities covered, in whole or in part, by the association. The calculation shall give full credit to all items paid by the insurer or its receiver or by the reinsurer prior to the election date. The reinsurer shall pay the receiver any amounts due for losses or events prior to the date of the order of liquidation, subject to any setoff for premiums unpaid for periods prior to that date, and the association or the reinsurer shall pay any remaining balance due to one another. The reinsurer and the association shall make such payments within five days after the completion of the calculation of the net balance due under each reinsurance contract. Any disputes over the amounts due to the association or the reinsurer shall be resolved by arbitration according to the terms of the affected reinsurance contracts or, if the contract contains no arbitration clause, as otherwise provided by law. If the receiver has received any amounts due the association under subparagraph (B) of this paragraph, the receiver shall remit the amounts to the association as promptly as practicable.

(d) If the association, or the receiver on the association's behalf, within 60 days after the election date pays the unpaid premiums due for periods both before and after the election date that relate to policies or annuities covered, in whole or in part, by the association, the reinsurer may not terminate the reinsurance contracts for failure to pay premiums insofar as the reinsurance contracts relate to policies or annuities covered, in whole or in part, by the association, and may not set off any unpaid amounts due under other contracts, or unpaid amounts due from parties other than the association, against amounts due to the association.

(e)(A) During the period from the date of the order of liquidation until the election date or, if the election date does not occur, 180 days after the date of the order of liquidation:

- (i) Neither the association nor the reinsurer shall have any rights or obligations under reinsurance contracts that the association has the right to assume under paragraph (a) of this subsection, whether for periods prior to or after the date of the order of liquidation; and
- (ii) The reinsurer, the receiver and the association shall, to the extent practicable, provide to each other data and records that are reasonably requested.

(B) After the association has elected to assume a reinsurance contract, the parties' rights and obligations shall be governed by paragraph (a) of this subsection.

(f) If the association does not elect to assume a reinsurance contract by the election date under paragraph (a) of this subsection, the association shall have no rights or obligations, for periods both before and after the date of the order of liquidation, with respect to the reinsurance contract.

(g) When policies or annuities, or covered obligations related to policies or annuities, are transferred to an assuming insurer, the association may also transfer reinsurance on the policies or annuities for contracts assumed under paragraph (a) of this subsection, subject to the following:

(A) Unless the reinsurer and the assuming insurer agree otherwise, the reinsurance contract transferred may not cover any new policies of insurance or annuities in addition to those transferred;

(B) The obligations described in paragraph (a) of this subsection shall no longer apply with respect to matters arising after the effective date of the transfer; and

(C) The transferring party shall give notice in writing, return receipt requested, to the affected reinsurer not less than 30 days before the effective date of the transfer.

(h) The provisions of this subsection shall supersede any other provision of law or any affected reinsurance contract that provides for or requires any payment of reinsurance proceeds, on account of losses or events that occur in periods after the date of the order of liquidation, to the receiver or any other person. The receiver shall remain entitled to any amounts payable by the reinsurer under the reinsurance contract with respect to losses or events that occur in periods prior to the date of the order of liquidation, subject to applicable setoff provisions.

(i) Except as otherwise provided in this subsection, nothing in this section shall:

(A) Alter or modify the terms and conditions of any reinsurance contract;

(B) Abrogate or limit any rights of any reinsurer to claim that the reinsurer is entitled to rescind a reinsurance contract;

(C) Grant a policyholder, contract owner or beneficiary an independent cause of action against a reinsurer that is not otherwise set forth in the reinsurance contract;

(D) Limit or affect the association's rights as a creditor of the estate against the assets of the estate; or

(E) Apply to reinsurance agreements covering property or casualty risks.

(18) The board of directors of the association may exercise reasonable business judgment to determine the means by which the association is to provide the benefits under ORS 734.750 to 734.890 in an economical and efficient manner.

(19) If the association has arranged or offered to provide the benefits of ORS 734.750 to 734.890 to a covered person under a plan or arrangement that fulfills the association's obligations under this section, the person is not entitled to benefits from the association in addition to or other than those provided under the plan or arrangement.

(20) Venue in a suit against the association arising under ORS 734.750 to 734.890 shall be in the Circuit Court for Marion County.

(21) In carrying out its duties in connection with guaranteeing, assuming or reinsuring policies or contracts under this section, the association may, subject to approval of the court, issue substitute coverage for a policy or contract that provides an interest rate, crediting rate or similar factor determined by use of an index or other external reference stated in the policy or contract for the purpose of calculating returns or changes in value by issuing an alternative policy or contract in accordance with all of the following provisions:

(a) In lieu of the index or other external reference provided for in the original policy or contract, the alternative policy or contract provides for a fixed interest rate, payment of dividends with minimum guarantees, or a different method for calculating interest or changes in value.

(b) There is no requirement for evidence of insurability, waiting period or other exclusion that would not have applied under the original policy or contract.

(c) The alternative policy or contract is substantially similar to the original policy or contract in all other material terms.

SECTION 6. ORS 734.815 is amended to read:

734.815. (1) For the purpose of providing the funds necessary to carry out the powers and duties of the Oregon Life and Health Insurance Guaranty Association, the board of directors shall assess the member insurers, separately for each account, at such time and for such amounts as the board finds necessary. The board shall collect the assessments after 30 days' written notice to the member insurers before payment is due.

(2) There shall be two assessments, as follows:

(a) Class A assessments shall be made for the purpose of meeting administrative and legal costs and other general expenses whether or not related to a particular impaired or insolvent insurer.

(b) Class B assessments shall be made to the extent necessary to carry out the powers and duties of the association under ORS 734.810 with regard to an impaired or insolvent insurer.

(3)(a) The amount of any class A assessment shall be determined by the board and may be made on a pro rata or other basis. If pro rata, the board may provide that the class A assessment be credited against future class B assessments. An assessment on another basis *[shall]* **may** not exceed ~~[\$150]~~ **\$300** per member insurer in any one calendar year. The amount of any class B assessment shall be allocated for assessment purposes among the accounts in the proportion that the premiums received by the impaired or insolvent insurer on the policies covered by each account, for the last calendar year preceding the assessment in which the impaired or insolvent insurer received premiums, bears to the premiums received by such insurer for such calendar year on all covered policies.

(b) Class B assessments for each account shall be in the proportion that the premiums received on business in this state by each assessed member insurer on policies covered by each account for the three most recent calendar years for which information is available preceding the year in which the insurer became impaired or insolvent, as the case may be, bears to such premiums received on business in this state for such calendar years by all assessed member insurers.

(c) Assessments for funds to meet the requirements of the association with respect to an impaired or insolvent insurer *[shall]* **may** not be made until necessary to implement the purposes of ORS 734.750 to 734.890. Classification of assessments under subsection (2) of this section and computation of assessments under this subsection shall be made with a reasonable degree of accuracy, recognizing that exact determinations may not always be possible.

(4) The association may abate or defer, in whole or in part, the assessment of a member insurer if, in the opinion of the board, payment of the assessment would endanger the ability of the member insurer to fulfill its contractual obligations. In the event an assessment against a member insurer is abated or deferred, in whole or in part, the amount by which such assessment is abated or deferred shall be assessed against the other member insurers.

(5) A member insurer *[shall]* **may** not be required to pay assessments in any one calendar year exceeding two percent of the insurer's premiums in this state on the policies covered by the account. If a member insurer's total assessment cannot be collected in any one year because of this limitation, the remaining amount due shall be collected from the insurer in future years.

(6) The board may, by an equitable method as established in the plan of operation, refund to member insurers, in proportion to the contribution of each insurer to that account, the amount by which the assets of the account exceed the amount the board finds is necessary to carry out during the coming year the obligations of the association with regard to that account, including assets accruing from assignment, subrogation, net realized gains and income from investments. A reasonable amount may be retained in any account to provide funds for the continuing expenses of the association and for future losses.

(7) It shall be proper for any member insurer, in determining its premium rates and policyowner dividends for any kind of insurance within the scope of ORS 734.750 to 734.890, to consider the amount reasonably necessary to meet its assessment obligations under ORS 734.750 to 734.890.

(8) The association shall issue to each insurer paying an assessment under ORS 734.750 to 734.890, other than a class A assessment, a certificate of contribution in a form prescribed by the Director of the Department of Consumer and Business Services for the amount so paid. All outstanding certificates shall be of equal dignity and priority without reference to amounts or dates of issue. A certificate of contribution may be shown by the insurer in its financial statement as an asset in such form and for such amount, if any, and period of time as the director may approve.

(9) The association may assess and collect interest on the amount of an assessment owed by a member insurer that fails to pay the assessment when due. The annual rate that may be charged under this subsection *[shall]* **may** not exceed the rate established by the director by rule.

SECTION 7. ORS 734.820 is amended to read:

734.820. (1)(a) The Oregon Life and Health Insurance Guaranty Association shall maintain on file with the Director of the Department of Consumer and Business Services a plan of operation and shall submit any amendments thereto necessary or suitable to *[assure]* **ensure** the fair, reasonable and equitable administration of the association. Amendments to the plan shall become effective upon approval in writing by the director.

(b) If the association fails to submit suitable amendments to the plan, the director shall, after notice and hearing, adopt and promulgate such reasonable rules as are necessary or advisable to implement the provisions of ORS 734.750 to 734.890. Such rules shall continue in force until modified by the director or superseded by amendments submitted by the association and approved by the director.

(2) All member insurers shall comply with the plan of operation.

(3) The plan of operation shall, in addition to requirements enumerated elsewhere in ORS 734.750 to 734.890:

(a) Establish procedures for handling the assets of the association.

(b) Establish the amount and method of reimbursing members of the board of directors.

(c) Establish regular places and times for meetings of the board of directors.

(d) Establish procedures for records to be kept of all financial transactions of the association, its agents, and the board of directors.

(e) Establish the procedures whereby selections for the board of directors will be made and submitted to the director.

(f) Establish any additional procedures for assessments under ORS 734.815.

(g) Contain additional provisions necessary or proper for the execution of the powers and duties of the association.

(h) Establish procedures for removing a member of the board of directors for cause, including removing a board member who represents a member insurer when the member insurer becomes either an impaired or insolvent insurer.

(i) Include a policy and procedures for addressing a conflict of interest.

(4) The plan of operation may provide that any or all powers and duties of the association, except those under [of] ORS 734.810 [(11)(c)] **(15)(c)** and 734.815, may be delegated to a corporation, association or other organization which performs or will perform functions similar to those of the association, or its equivalent, in two or more states. Such corporation, association or organization shall be reimbursed for any payments made on behalf of the association and shall be paid for its performance of any function of the association. A delegation under this subsection shall take effect only with the approval of both the board of directors and the director, and may be made only to a corporation, association or organization which extends protection not substantially less favorable and effective than that provided by ORS 734.750 to 734.890.

SECTION 8. ORS 734.840 is amended to read:

734.840. (1) Nothing in ORS 734.750 to 734.890 shall be construed to reduce the liability for unpaid assessments of the insureds on an impaired or insolvent insurer operating under a plan with assessment liability.

(2) Records shall be kept of all negotiations and meetings in which the Oregon Life and Health Insurance Guaranty Association or its representatives are involved to discuss the activities of the association in carrying out its powers and duties under ORS 734.810. Records of such negotiations or meetings shall be made public only upon the termination of a liquidation, rehabilitation or conservation proceeding involving the impaired or insolvent insurer, upon the termination of the impairment or insolvency of the insurer, or upon the order of a court of competent jurisdiction. Nothing in this subsection shall limit the duty of the association to render a report of its activities under ORS 734.850.

(3) For the purpose of carrying out its obligations under ORS 734.750 to 734.890, the association shall be considered to be a creditor of the impaired or insolvent insurer to the extent of assets attributable to covered policies reduced by any amounts to which the association is entitled as subrogee pursuant to ORS 734.810 [(7)] **(10)**. All assets of the impaired or insolvent insurer attributable to covered policies shall be used to continue all covered policies and pay all contractual obligations of the impaired or insolvent insurer as required by ORS 734.750 to 734.890. "Assets attributable to covered policies," as used in this subsection, is that proportion of the assets which the reserves that should have been established for such policies bear to the reserves that should have been established for all policies of insurance written by the impaired or insolvent insurer.

(4) As a creditor of the impaired or insolvent insurer as established in subsection (3) of this section and consistent with the provisions of ORS 731.648, the association and other similar associations shall be entitled to receive a disbursement of assets out of the marshaled assets, from time to time as the assets become available to reimburse it, as a credit against the contractual obligations of the association as set forth in ORS 734.810. If the liquidator has not, within 120 days of a final determination of insolvency of an insurer by the court, made an application to the court for the approval of a proposal to disburse assets out of marshaled assets to guaranty associations having obligations because of the insolvency, then the association may apply to the court for approval of the association's own proposal to disburse those assets.

[4(a)] (5)(a) Prior to the termination of any liquidation, rehabilitation or conservation proceeding, the court may take into consideration the contributions of the respective parties, including the association, the shareholders and [policyowners] **policyholders** of the insolvent insurer and any other party with a bona fide interest, in making an equitable distribution of the ownership rights of such insolvent insurer. In such a determination, consideration shall be given to the welfare of the policyholders of the continuing or successor insurer.

(b) No distribution to stockholders, if any, of an impaired or insolvent insurer shall be made until and unless the total amount of valid claims of the association for funds expended in carrying out its powers and duties under ORS 734.810 with respect to such insurer have been fully recovered by the association.

[5(a)] (6)(a) If an order for liquidation or rehabilitation of an insurer domiciled in this state has been entered, the receiver appointed under such order shall have a right to recover on behalf of the insurer, from any affiliate that controlled it, the amount of distributions, other than stock dividends paid by the insurer on its capital stock, made at any time during the five years preceding the petition for liquidation or rehabilitation, subject to the limitations of paragraphs (b), (c) and (d) of this subsection.

(b) No such dividend shall be recoverable if the insurer shows that, when paid, the distribution was lawful and reasonable, and that the insurer did not know and could not reasonably have known that the distribution might adversely affect the ability of the insurer to fulfill its contractual obligations.

(c) Any person who was an affiliate that controlled the insurer at the time the distributions were paid shall be liable up to the amount of distributions the person received. Any person who was an affiliate that controlled the insurer at the time the distributions were declared shall be liable up to the amount of distributions the person would have received if they had been paid immediately. If two persons are liable with respect to the same distributions, they shall be jointly and severally liable.

(d) The maximum amount recoverable under this subsection shall be the amount needed in excess of all other available assets of the insolvent insurer to pay the contractual obligations of the insolvent insurer.

(e) If any person liable under paragraph (c) of this subsection is insolvent, all its affiliates that controlled it at the time the dividend was paid shall be jointly and severally liable for any resulting deficiency in the amount recovered from the insolvent affiliate.

SECTION 9. ORS 734.870 is amended to read:

734.870. There shall be no liability on the part of, and no cause of action of any nature shall arise against, any member insurer or its agents or employees, the Oregon Life and Health Insurance Guaranty Association or its agents or employees, members of the board of directors, or the Director of the Department of Consumer and Business Services or the representatives of the director, for any action taken by them in the performance of their powers and duties under ORS 734.750 to 734.890. **The immunity provided under this section shall extend to the participation in any organization of one or more other state associations of similar purposes and to any such organization and its agents or employees.**

SECTION 10. ORS 734.880 is amended to read:

734.880. All proceedings in which an insolvent insurer is a party in any court in this state shall be stayed [60] 180 days from the date an order of liquidation, rehabilitation or conservation is final to permit proper legal action by the Oregon Life and Health Insurance Guaranty Association on any matters germane to its powers or duties. As to judgment under any decision, order, verdict or finding based on default the association may apply to have such judgment set aside by the same court that made the judgment, and shall be permitted to defend against such suit on the merits.

SECTION 11. The amendments to ORS 734.760, 734.790, 734.800, 734.805, 734.810, 734.815, 734.820, 734.840, 734.870 and 734.880 by sections 1 to 10 of this 2011 Act apply to coverage the Oregon Life and Health Insurance Guaranty Association provides in connection with any member insurer first placed under an order of rehabilitation, or first placed under an order of liquidation if no order of rehabilitation was previously entered, on or after the effective date of this 2011 Act.

SECTION 12. This 2011 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect on its passage.

Passed by House April 18, 2011

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Ramona Kenady Line, Chief Clerk of House

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Bruce Hanna, Speaker of House

.....
Arnie Roblan, Speaker of House

Passed by Senate May 16, 2011

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Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2011

Approved:

.....M.,....., 2011

.....
John Kitzhaber, Governor

Filed in Office of Secretary of State:

.....M.,....., 2011

.....
Kate Brown, Secretary of State