



March 15, 2013

The Honorable Senator Chip Shields, Chair  
Senate General Government, Consumer and Small Business Protection Committee  
900 Court St NE,  
Salem, OR 97301

Chair Shields,

As Cover Oregon readies for our first open enrollment in the fall of 2013, we are finalizing plans to reach out to Oregonians across the state. Senate Bills 512 and 513 as introduced raise concerns for Cover Oregon because of the potential to impact plans to use affiliated agents (producers) to help ensure that all Oregonians have the assistance they need to find quality health insurance plans that are right for them. As you may know, Cover Oregon is our state's health insurance exchange. Oregonians will use our portal to see if they qualify for Medicaid or tax credit assistance in paying for health insurance premiums, as well as to shop for, compare and enroll in health insurance plans.

We know that many Oregonians will need help choosing the right health plan for themselves and their families. Our web portal will provide them with the tools to do that on their own, but some people will want a person to help them through the process. We will have a customer service staff who can help online or by phone, but many Oregonians will want to work with someone face-to-face. Insurance agents are a natural partner in this type of help since they already live and work in communities all across the state. They are also licensed to provide purchasing advice and sell insurance plans.

We will directly pass through any commissions earned by affiliated agents who assist Oregonians in applying for and enrolling in health insurance plans offered through Cover Oregon and provided by commercial insurance companies. As the bill language now reads, it is unclear whether Cover Oregon might be considered an "employer" for purposes of this statute, and become liable for the actions of these independent, but affiliated agents.

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To be a part of the Cover Oregon affiliated agent program, insurance agents will be required to take in-depth online and in-person training, and must have adequate levels of Errors and Omissions (E&O) insurance coverage. We intend to take action to against any agent found to have harmed a consumer. In those cases, we will also work closely with the Insurance Division in their regulatory capacity to hold agents accountable for their actions.

In light of the unique relationship between Cover Oregon and our affiliated agents, we respectfully request that Senate Bill 512 and Senate Bill 513 be amended to either remove the language in Section 2 (2) “or other person that employs an insurance producer” or clarify that Cover Oregon isn’t liable for the actions of affiliated agents.

Sincerely,

Howard “Rocky” King  
Executive Director  
Cover Oregon