

SB 419 -1 STAFF MEASURE SUMMARY

Senate Committee On Business and General Government

Prepared By: Tyler Larson, LPRO Analyst

Meeting Dates: 3/19

WHAT THE MEASURE DOES:

Applies retroactive to January 1, 2009, Oregon Life and Health Insurance Guaranty Association's \$300,000 liability limit for long-term care insurance. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Clarifies that retroactive coverage applies to any coverage the guaranty association provides or provided, regardless of whether coverage has ceased.

BACKGROUND:

The Oregon Life and Health Insurance Guaranty Association was created in 1975 when the Legislative Assembly enacted the Oregon Guaranty Association 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 Oregon Guaranty Association Act enables the Association to provide protection to Oregon residents who are holders of policies or annuities with the insolvent insurer. In 2011, the Legislative Assembly increased to the Guaranty Association's liability limits for long-term care insurance from \$100,000 to \$300,000.

On March 1, 2017, Penn Treaty American Insurance Company was placed in liquidation; the company had been in court-supervised rehabilitation since 2009. Current statute requires the Guaranty Association to provide protection to any member insurer first placed under an order of rehabilitation or liquidation on or after May 27, 2011. Senate Bill 419 retroactively applies long-term care insurance protection to any member insurer first placed under an order of rehabilitation or liquidation on or after January 1, 2009. The measure allows Oregon residents who purchased long-term care insurance products from Penn Treaty to receive \$300,000 in liability protection from the Guaranty Association.