

Dear Sen. Riley,

1. Counsel for the Association implied there would be significant legal repercussions to passage of SB 419, however what he did not say is that the State of Oregon is not party to those contracts, and any consequences would fall on the Association and its members. The State of Oregon does not even know what is in those contracts, and was never consulted before they were entered into.

2. Remember those complications arose because the original bill was *amended* at the last minute to exclude Penn Treaty policy holders. Let's not be coy here; in all likelihood the amendment was pushed by the Association to favor its insurance corporation "members." The Association then entered into contracts in order to hamstring the Legislature after executing this last minute sleight of hand. It is a problem entirely of their own making, and any consequences would be, in my opinion, just desserts.

3. The Association's spokesperson told the committee that they supported the legislation to increase the limits to \$300,000, but conveniently avoided their role in adding the amendment that has caused so much pain and confusion.

4. Counsel for the Association implied the State of Oregon was not responsible for regulating Penn Treaty, and that is deceptive at best, and an outright lie at worst. Oregon regulators had the absolute authority to restrict or even cease sales of these policies in Oregon, and also could've informed policy holders of this "slow default" that the Association was aware of years and years before the liquidation. If policy holders had been aware of these "well-known" problems it could have saved the public tens of thousands of dollars in premiums, and could have given these folks the chance to buy other policies that would have better served them better. Regulators had the duty to inform the public.

5. Sen. Olsen offered up two analogies to this problem which, while I do not doubt they were offered in good faith, I must take exception to. First was the comparison to the PERS under-funding; unlike the Association's contracts, those collective bargaining contracts were entered into directly with the State of Oregon, in full view of the public and the Legislature, and the Legislature always had the option to fully fund those commitments, but for whatever reason, did not. Secondly, the comparison to the FDIC coverage limits are not at all fair. The coverage limits for FDIC are posted clearly at nearly every teller's window. If your deposits exceed the limit, depositors can withdraw a portion of their deposit with no real consequences. The only option for a policy holder is to completely drop policies they may have paid into for years, hence losing all those premiums they invested. Even if you have paid more than \$100,000 in premiums, the only real choice for a policy holder once "impairment" is exposed, is to drop the coverage and lose those premiums and coverage forever.

6. They argued that half of the policy holders will never have a claim, and of the ones that did, many would never have claims that exceed the limits. I'm not sure why they thought this fact would help their case because it only served to mitigate the cost to the insurance industry of fully funding this bill. Hence, the cost to the industry is mitigated, but the suffering to the claimants is still as great.

7. Finally, none of the Association's speakers, for all their concern for the rights of their member insurance companies, never addressed the costs the state and federal governments will incur when these people end up on Medicare, Medicaid, and state assistance. This scheme was a massive shift of obligations to the taxpayers to protect the profits of the insurance industry.

Let the insurance companies bite the bullet and purchase more reinsurance to cover these obligations, contracts or not. Otherwise, the public will lose confidence in the entire marketplace, as well it should. "Let the buyer beware" is a totally unreasonable standard when the need may be decades away. I know I will spread the word that long term care insurance is a risky and potentially money losing investment.

Respectfully,

Joseph Digman

Sent from [Outlook](#)