

February 1, 2023 Quarterly Industry P&C Discussion

Oregon Division of Financial Regulation (DFR)

- Thank you for joining this meeting. We will begin a few minutes after the hour.
- Due to the large number of expected attendees please ensure your line is muted when not in use.
- If you have any questions or comments throughout the meeting please enter them into the meeting chat or use the “Raise Hand” feature.
- This meeting will be recorded.



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and Business Services

Welcome!

February 1, 2023 Quarterly Industry P&C Discussion
Oregon Division of Financial Regulation (DFR)



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Overview

- Opening Remarks: TK Keen, Brian Fordham
- Intentional Acts: Raven Collins, Michael Drummonds
- Legislative Update: Raven Collins
- Business Analytics: Spencer Peacock
- FEMA: Brian Fordham
- Covered Perils & Proximate Cause Related to “Wildfires”: Raven Collins
- Market Analysis: Matthew Newell
- Market Conduct: Ana Pace
- Arbitration: Michael Drummonds
- Cancellation of Commercial Package Policies: Jan Vitus
- E-Notification Delivery: Jan Vitus
- Portable Electronics Insurance: Carolyn Kalb
- Paid Leave Oregon Update: Michael Drummonds



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Opening Remarks:

Presenters: TK Keen, Brian Fordham



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Intentional Acts

Presenters: Raven Collins, Michael Drummonds

- Trends in P&C filings
 - References to “an insured”, and “any insured”
 - References to the situation being judged from a “reasonable person” standpoint
 - Our expectation is that an intentional loss exclusion be specific to the standpoint of the insured being denied coverage
- Bulletin DFR 2022-2 published and finalized
 - Insurers are expected to comply with the bulletin
- Intentional Acts Rule Hearing
 - Hearing occurred on December 15, 2022
 - Permanent rulemaking has not yet been filed and is still in progress
 - Effective date is to be determined

Legislative Update

Presenter: Raven Collins

- HB 2985
- HB 2920
- HB 2052
- HB 2982
- SB 619
- HB 2587
- HB 2449



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Business Analytics Update

Presenter: Spencer Peacock

- Data Reporting:
 - P&C Annual Report
 - Internal conversations are ongoing
 - Additional information will be provided when available
 - Earthquake data call
 - DFR is considering the appropriate time to issue this data call to refresh information reported historically. Last data call reporting occurred in early 2018



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FEMA

Presenter: Brian Fordham

The State of Oregon covered all up-front costs of debris removal cleanup. To help offset those debris cleanup costs, FEMA will reimburse a majority of debris removal costs.

The Stafford Act requires all federal agencies to avoid situations where disaster assistance recipients “receive financial assistance under [duplicate] programs or from insurance or any other source.” In short, Section 312(a) prohibits the use of federal disaster assistance to pay a person or entity twice for the same disaster loss.

FEMA requires the state to ensure there is no duplication of insurance funds paid to property owners. A duplication would occur if an owner participated in the Step 2 program, had the state clean up their property and then kept insurance funds paid out specifically for debris removal.

In exchange for FEMA assisting the state with debris removal, the state is responsible for collecting information from participating property owners to determine whether any insurance proceeds designated for debris removal need to be collected by the state to help offset the government’s debris cleanup costs.

FEMA Continued

Presenter: Brian Fordham

- Many wildfire survivors continue to live the trauma of losing their homes and businesses, and the insurance process can be difficult for those still healing. To help ease the process, the state has hired a contractor to work with insurance carriers and property owners directly.
- The state will seek funds from one of two sources, based on the property insurance policy:
 - Funds in a policy that are designated for debris removal (a stated benefit); or
 - General funds, that include coverage for debris removal, which are left over after an owner has rebuilt their home or business and replaced their contents.
- The state will only seek any duplicate funds after a property owner has rebuilt their home or business. Their insurance policy will direct what limits are available for rebuilding their property. When and how the state seeks reimbursement is unique to each insurance policy.
- By working together and coordinating closely, we can create a straightforward process that reduces hurdles for the property owners who have already experienced so much.

Covered Perils & Proximate Cause of Wildfires

Presenter: Raven Collins

- Claims related to “wildfires”
 - Mudslides
 - Earth movement
 - Floods



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Market Analysis

Presenter: Matthew Newell

- Responses to inquiries
- Total loss (the use of third-party products)
- Internal audits/compliance



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Market Conduct

Presenter: Ana Pace

- Update on the market conduct exams cycle for Oregon Domestic
 - Expected completion is the first quarter of 2023
 - Finalized reports (those for which appeals time has expired) are posted on:
 - [DFR Market Conduct Examination Reports](#)
- The program will begin exams of national companies during the remainder of 2023
- Currently determining the exam cycle – Communication will be directed to the companies upon determining insurers
 - Scope of the exams will remain the same:
 - Compliance with the implementation of HB 3272
 - ✓ Including update of all insurance forms for Homeowners
 - Compliance with DFR's Bulletin issued on 09/18/2020
 - Premium increases and cancelations/nonrenewals solely due to wildfire claims
- For questions, please contact the program by sending us an email to:
 - DFR.PCMarketConduct@dcbs.oregon.gov

Arbitration

Presenter: Michael Drummonds

- Not new territory
- Our position(s) reflected in Bulletin DFR 2020-1 & in our Product Standards
- No mandated process in policies
 - In terms of whether the dispute will be settled by arbitration, mediation, courts, etc.
 - In terms of any entities who might administer the dispute



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Arbitration continued

Presenter: Michael Drummonds

- Our expectations
 - Governing Law: Oregon law (not federal law, rules of the American Arbitration Association, etc.)
 - Mutual agreement to arbitrate at the time of the dispute reflected in the policy
 - Location: at the policyholder's Oregon county of residence, or another mutually agreed on location
 - No interference with the policyholder's ability to go to a jury trial
 - Insurer is allowed to restrict participation in class action lawsuits



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Cancellation of Commercial Package Policies

Presenter: Jan Vitus

- Administrative Order
 - ID 7-2022
- OAR-836-085-0055
 - Cancellation notices
 - 10 “working” days for nonpayment of premium
 - 30 days for any other permitted reason



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E-Notification Delivery

Presenter: Jan Vitus

- Registering for e-notification (gov delivery)
- Website link: <https://dfr.oregon.gov/Pages/index.aspx>
- Click on “Email Updates” at the top of the page
 - Choose those subjects you wish to receive information for



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Portable Electronics Insurance: Product Standards

Presenter: Carolyn Kalb

- We are developing product standards for portable electronics insurance



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Paid Leave Oregon

Presenter: Michael Drummonds

- 17 SERFF Filings
 - 4 approved
 - 13 pending
- Option to file as P&C
 - TOI: Other Lines of Business (Property & Casualty)
 - 33.0
 - Sub-TOI: Other Commercial Lines – Paid Leave Oregon
 - 33.0002
- Health Insurance Option
 - -TOI: H11G
 - -Sub-TOI: H11G.004
- Insurers submitting filing revisions or additions to previously approved Paid Leave Oregon filings must use the SERFF coding for Paid Leave Oregon

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Questions?



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