

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION**

Before the Insurance Commissioner
Department of Consumer and Business Services

In the Matter of Amending OAR 836-027-0005,)	SUMMARY OF TESTIMONY AND HEARING OFFICER'S RECOMMENDATION
836-027-0010, 836-027-0012, 836-027-0100,)	
836-027-0125, 836-027-0140 and 836-027-0160)	
Related to Requirements for Holding Company)	
Forms A, B, C, D, E and F)	

Procedures Followed

On January 14, 2016, the Director filed with the Secretary of State a Notice of Proposed Rulemaking Hearing (Notice), giving notice that the Director proposed to adopt rules related to holding company forms that must be filed. The specific forms are identified as Forms A, B, C, D, E and F.

The Notice announced that a rulemaking hearing would be held on February 24, 2016, and that interested persons could submit comments through February 24, 2016. The notice was filed with a Statement of Need and Fiscal Impact which included a Statement of Statutory Authority, Need for Action, Advisory Committee, Principal Documents Relied Upon and Fiscal and Economic Impact. A copy of the Notice was published in the Secretary of State's Oregon Bulletin of February 2016. Copies of the Statement of Need and Fiscal Impact and the Notice of Proposed Rulemaking were delivered or mailed or otherwise distributed to all insurers, consumers, to persons on the Division of Financial Regulation mailing list established under the Administrative Procedures Act, to those members of the Legislative Assembly to whom notice is required to be given, to the press and to other interested persons. Copies were also made available to interested persons through the Division's e-notify system and were posted on the Division's web site.

This rulemaking amends existing rules that include forms as exhibits to the rules. Changes to these forms were necessary to reflect statutory changes made during the 2013 and 2015 legislative sessions related to enterprise risk reporting and holding companies. The forms were updated in a temporary rule to allow insurers to submit requisite documents on the correct forms. This rulemaking will replace the temporary rules and change the language of the rule to allow the division to make changes to the rules without rulemaking. Rather than being an exhibit to the rule, the forms will be available on the DCBS website at the Division of Financial Regulation webpage. The rules will continue to specify the content required on the forms, but changing the rule in this way will reduce the amount of time it takes to change the forms if future changes to the forms are necessary. This will reduce any delay of company transactions by allowing minor adjustments to the forms as necessary without extensive rulemaking. For example, a change from "Company" to "Applicant" under the previous language of an exhibit required going through the permanent rulemaking process which typically takes at least 90 days. With the

changes proposed here, that change could be made without initiating a rulemaking proceeding. In this rulemaking, there are no additional changes proposed to the forms themselves. However, the rulemaking advisory committee did suggest a couple of changes to the forms that the Division will consider after the rule is adopted.

The proposed rules and the fiscal impact were reviewed by members of the external rulemaking advisory committee that included insurers and consultants familiar with holding company requirements.

Fiscal impact: The advisory committee reviewed the proposed rule and the proposed fiscal impact statement for the rule. Generally, these proposed rules do not have a financial impact on state agencies or local governments. The rules will have no impact to the Department of Consumer and Business Services and a minimal or small positive impact on insurers because these rules will allow the division to more timely adopt changes to these forms in response to changes by the NAIC to model regulations and to the model forms.

Testimony Received and Hearing Officer Recommendation

The hearing was held as scheduled. Jeannette Holman, Senior Policy Analyst was the hearing officer. There were no members of the public attending or testifying at the hearing and no member of the public submitted written comments.

The hearing officer recommends that the proposed rules be adopted without substantive change but with technical changes to the language to reflect the merger of two DCBS divisions (Insurance and Finance and Corporate Securities Divisions) into the Division of Financial Regulation.

The rulemaking was reviewed again for its economic effect on businesses, including small businesses, and there is no need for further change. The rulemaking is within the Director's rulemaking authority, and applicable rulemaking procedures were complied with.

Signed this 3rd day of March 2016.

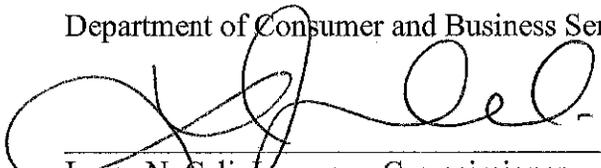
Department of Consumer and Business Services

Jeannette Holman, Hearing Officer

This Summary and Recommendation are reviewed and adopted.

Signed this 8 day of March 2016.

Department of Consumer and Business Services



Laura N. Cali, Insurance Commissioner