

**REPORT OF THE**

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**  
**ON THE INTERSTATE INSURANCE PRODUCT REGULATION**  
**COMMISSION FORM APPROVAL PROCESS**

**TO**

**THE SEVENTY-SIXTH LEGISLATIVE ASSEMBLY**



**In Accordance with House Bill 2224 (2007)**

**January 2011**

## **Introduction**

Oregon law requires insurers to file most policy forms with the Department of Consumer and Business Services (DCBS) before they can be sold to consumers. This state approval provides important consumer protections for products such as health, automobile, and homeowners insurance that vary by location. However, life, long-term care and disability insurance and annuity contracts do not differ greatly from state to state and consumers usually keep these policies when they move from one state to another. Many states recognized this situation and combined to form the Interstate Insurance Product Regulation Commission (IIPRC). The IIPRC provides a single policy form review process with uniform standards adopted by the participating states.

In 2007, the legislature enacted House Bill 2224 that enables DCBS to streamline its review and approval of policy forms for certain categories of insurance that have already been approved under consumer protection standards established by the IIPRC.

In the 2009 legislative session, DCBS reported on its efforts to adopt IIPRC standards for six types of insurance products. This year, DCBS reports on the results of those adoptions.

## **Background**

House Bill 2224 authorizes the DCBS director to adopt rules approving the use of policy forms for specific categories of life insurance approved by the IIPRC without specific review by DCBS. However, the director must first determine that the IIPRC's approval process gives policyholders substantially the same or better protection than the review process available under Oregon law. DCBS must also report to the Legislature on the comparison of consumer protections under both processes.

## **Results**

After an extensive comparison of the IIPRC process (including applicable product standards) and Oregon laws to determine whether substantially the same or better protection is provided under the IIPRC approval process, DCBS adopted IIPRC product standards for all six of the insurance forms analyzed. The administrative rules now allow DCBS to approve the use of the following forms without specific review if the forms have been approved by the IIPRC:

- Individual Flexible Premium Adjustable Life Insurance Policy
- Waiver of Monthly Deduction Benefit Rider
- Waiver of Premium Benefit Rider
- Waiver of Premium Benefit for Child Insurance in the Event of Payor's Total Disability or Death Rider
- Individual Life Insurance Application
- Individual Life Application Change Form

Since April 2010, when the administrative rules became effective, eight insurers have submitted a total of 13 IIPRC-related filings for Oregon approval under this streamlined process. While some labor was saved in reviewing the forms and the few companies that submitted filings enjoyed a shorter review period, this limited success does not justify the substantial effort required of DCBS to do product-by-product analysis of consumer protections under the IIPRC versus Oregon processes. DCBS found that its extensive analysis was much more resource-intensive than originally predicted and yet, the differences between the IIPRC approval process and Oregon's review process were not substantially different. For this reason, DCBS suspended analysis of the remaining IIPRC product standards and is pursuing IIPRC membership.

## **Policy Recommendation**

To gain the benefits of streamlining and uniformity provided by the IIPRC, Oregon consumers and insurers would be best served by Oregon becoming a member of the Compact. The IIPRC enhances the efficiency and effectiveness of the way insurance products are filed, reviewed and approved, allowing consumers to have faster access to competitive insurance products. The IIPRC promotes uniformity through application of national product standards embedded with strong consumer protections. Currently, 38 states are members of the IIPRC. Membership will give Oregon a voice in designing IIPRC product standards, and will allow Oregonians greater, more timely access to emerging products.

## **Conclusion**

House Bill 2224 is repealed effective January 2, 2012. To allow new insurance products to reach consumers more quickly while maintaining strong consumer protections, the Oregon Insurance Division has introduced legislation (House Bill 2095) to enact the Interstate Insurance Product Regulation Compact in Oregon.