From: Gary Holliday [mailto:Gary.Holliday@pacificsource.com]
Sent: Monday, October 15, 2018 12:07 PM
Subject: RE: Updated Reinsurance Rules Draft

Michael,
Thank you for the updated redline version which we have had an opportunity to review. We would like to make two recommendations to the draft rules.

First, recommend that OAR 836-XXX-XXX2(3) be changed from July 1 to June 1 as this provides approximately a month for carriers to compile the data before submitting to the state. At this time the rules would use the same date, July 1, which to identify all claims paid and when the report is due to the state. An alternative would be to have the claims paid data through July 1 and the report be due August 1.

Second, recommend that 836-XXX-XXX5 (b) be strengthened so that it clarifies that the change in coinsurance rate will be uniformly lowered until there is an adequate amount of funds in the reinsurance program to reimburse carriers. I feel it should be addressed in the rules so a redline of the edits to reflect the recommendation is as follows, please feel free to further edit the language but it is a starting point:
(b) If the total reinsurance payments calculated under paragraph (a) of this rule would exceed the total dollar amount budgeted for the reinsurance program in a benefit year, the Department ~~may reduce~~ will notify each reinsurance eligible issuer in that benefit year by November 1 that the coinsurance rate ~~for all reinsurance eligible issuers in that benefit year~~ identified in 836-XXX-XXX4 will be reduced until the budgeted amount for the reinsurance program is adequate.

Thank you.

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