



Oregon

Theodore R. Kulongoski, Governor

Department of Consumer and Business Services

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OREGON INSURANCE DIVISION BULLETIN INS 2009-2

TO: All insurers, insurance producers or other representatives for the sale of a Medicare Supplement, "Medigap" Policies

RE: Unfair Discrimination Compensation Arrangements and Noncompliant Commission Activities.

We are issuing this bulletin to provide the industry clarity relating to unfair discrimination compensation arrangements in the Medicare supplement marketplace.

The Oregon Insurance Division has received information that some insurers may be reducing Medicare supplement sales commissions based on the age of the individual purchasing a Medicare supplement plan.

This practice is in violation of the trade practices under Oregon Revised Statute 746.160 *Practices injurious to free competition*. The statute states, "except as otherwise expressly provided by law, no person, either within or outside of this state, directly or indirectly, shall enter into any contract, understanding or combination with any insurer or manager, agent or representative thereof for the purpose of, nor shall any such persons or insurers, jointly or severally do any act or engage in any practice for the purpose of:

(1) Controlling the rates to be charged, or the commissions or other compensations to be paid, for insuring any risk or class of risks in this state;

(2) Discriminating against or differentiating from any insurer, manager or agent, by reason of the plan or method of transacting business or the affiliation or non-affiliation with any board or association of insurers, managers, agents or representatives; or

(3) Doing anything which is detrimental to free competition in the business or injurious to the insuring public."

This bulletin takes effect immediately.

This bulletin is dated the 5th day of May 2009 at Salem, Oregon.

(Signed) Teresa D. Miller
Acting Administrator

May 5, 2009
Date