



Oregon

Department of Consumer and Business Services

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INSURANCE DIVISION BULLETIN INS 94-1

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TO: All Insurers Offering Blanket Insurance

RE: Blanket Insurance

The Insurance Division receives questions periodically about whether specific features of an insurance program meet the definition of blanket insurance found in ORS 743.534. This memorandum clarifies the Division's understanding of how that blanket insurance statute applies to some of these issues that arise in today's marketplace.

Blanket insurance policies, as generally understood in the industry, have traditionally provided coverage for specified risks to all individuals in a defined category. This general definition is consistent with the specific categories of eligible persons and risks listed in ORS 743.534. Insurance programs that leave some individuals in the defined category without coverage do not qualify as blanket insurance. For example, the following situations would not be acceptable in a blanket insurance program:

- Any individual underwriting of persons in the eligible category.
- Any program where eligible persons may choose not to take the coverage, other than cases of student medical plans where evidence of coverage under another medical insurance policy is a requirement of opting out of the blanket policy.
- Any program that splits an eligible category as defined in ORS 743.534 into two or more groups rather than covering all eligible persons under a single policy with a single set of benefits.
- Any program that offers optional supplemental amounts of insurance on top of a basic benefit package where only the basic package automatically covers all eligible persons.
- Any policy issued to cover students, teachers, or employees of an educational institution under 743.534(3) where the policyowner is not an institution of learning or the head, principal, or governing board responsible for directing the operation of the institution.
- Student accident policies that exclude injuries of students who have previously had a similar injury. An insurer may consider as part of its underwriting whether the school allows previously injured athletes to return to play without a doctor's release stating that the prior injury is completely recovered. However, once the insurer has issued a blanket accident policy, it must cover all student accidents.

Blanket Insurance and Coordination of Benefits. ORS 743.549 and OAR 836-20-700- 765 treat group and blanket insurance identically for the purpose of allowed coordination of benefits. Any blanket policy that seeks to reduce benefit payments on the basis of other insurance of the individual must do so in full accordance with these COB rules. Policies that do not use the COB rules for coordination must

always pay on a primary basis. The rules further specify that student accident coverage may not be considered a plan for COB purposes (OAR 836-20-720 (7)). Therefore, student accident plans may not reduce their benefits because of the presence of other coverage.

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Mary Alice Bjork
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