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ARCHIVES DIVISION

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NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 836
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE REGULATION

FILED

10/27/2020 1:23 PM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Adoption of 2020 annual and 2021 quarterly statement blanks and instructions for insurers

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 11/30/2020 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

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503-947-7694
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350 Winter Street NE
Salem, OR 97301

Filed By:
Karen Winkel
Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 11/23/2020

TIME: 9:00 AM

OFFICER: Van Pounds

ADDRESS: Labor & Industries Building

350 Winter Street NE

Salem, OR 97301

SPECIAL INSTRUCTIONS:

Conference call only due to COVID-19.

Dial-in: 888-808-6929

Access code: 4969117#

In case of technical issues, call

Karen Winkel at 971-345-1108.

NEED FOR THE RULE(S):

ORS 731.574 requires insurers to file annual financial statements with the director of the Department of Consumer and Business Services, and authorizes the director to prescribe use of the annual statement blank and instructions prepared by the National Association of Insurance Commissioners (NAIC) for such purpose. The director has chosen to exercise

such authority through rulemaking, and has routinely updated OAR 836-011-0000 to reflect the then current blanks and instructions.

The NAIC annual and quarterly blanks and instructions impose various accounting and reporting requirements, and are the standard means of financial reporting used by insurers nationwide. Adoption of the blanks and forms by reference gives their requirements the force of law and assures insurers, and the public, that Oregon's reporting requirements are current and consistent with those of other states. Failure to prescribe the most current and applicable blanks and instructions would cause confusion among insurers because continued use of the prior year's forms and instructions would be inconsistent with the requirements of other states and would contain matter not intended for the year to be reported.

Commencing with the 2018 reporting year, the director added a NAIC quarterly statement blank requirement to the rule in response to a regulatory concern. Inclusion of the quarterly statement blank requirement provides guidance to insurers, and is consistent with accreditation standards established by the NAIC.

OAR 836-011-0000 needs to be amended annually to prescribe use of the statement blanks and applicable instructions then in effect.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Copies of the NAIC Policy Statement on Financial Regulation Standards and the draft rule are available from Karen Winkel, the division's Rules Coordinator, at 350 Winter St. NE, Salem, OR 97301 and are available on the division's website at

<https://dfr.oregon.gov/laws-rules/Pages/proposed-rules.aspx>.

FISCAL AND ECONOMIC IMPACT:

Insurers should incur minimal additional costs for filing their financial statements and complying with instructions. The costs arise from the statutory requirements for filing financial statements. The costs of preparing and filing financial statements and supplements are ongoing costs of doing business in most, if not all, states. The costs thus are not imposed uniquely by Oregon, but by each of the states in which an insurer does business. The costs of complying specifically with changes for the 2020 annual and 2021 quarterly reporting cannot be readily quantified. Insurers that are small businesses will incur economic costs and benefits described above to the same extent as other insurers; however, the division knows of no insurers in Oregon who meet the definition of small business. Other small businesses, and other businesses generally, should not be directly affected by this rulemaking.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) The division is not expected to incur any additional fiscal impact, nor will other state agencies, units of local government or the public.

(2)(a) It is unlikely that any small business will be affected by this rulemaking. The division is not aware of any insurer subject to this rule that meets the definition of a small business under Oregon law. See ORS 183.310(10).

(2)(b) Preparation and filing of financial and registration statements and reports is a regular and ongoing business practice, and requires appropriate financial and business expertise. The division does not have information regarding specific costs incurred by insurers for such preparation and filing, or about any expected increase or decrease in such costs due to changes in the statement blanks or instructions. As noted, it is unlikely that any small business is affected by this rulemaking.

(2)(c) Filing of financial and registration statements and reports is a routine and ongoing practice. No increase in administration is anticipated to be necessary because of this rulemaking.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

Representatives of small business were invited to participate in the public rulemaking advisory process.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

AMEND: 836-011-0000

RULE SUMMARY: Amending to change 2019 to 2020 reporting year on the annual statement blank. Amending to change 2020 to 2021 reporting year on the quarterly statement blank.

CHANGES TO RULE:

836-011-0000

Annual Statement Blank and Instructions ¶¶

(1) For the purpose of complying with ORS 731.574, every authorized insurer, including every health care service contractor and multiple employer welfare arrangement, shall file its financial statement required by ORS 731.574 for the ~~2019~~20 reporting year on the annual statement blank approved for the ~~2019~~20 reporting year by the National Association of Insurance Commissioners, for the type or types of insurance transacted by the insurer, and for the ~~2020~~21 reporting year on the quarterly statement blank approved for the ~~2020~~21 reporting year by the National Association of Insurance Commissioners, for the type or types of insurance transacted by the insurer. ¶¶

(2) Every authorized insurer, including every health care service contractor and multiple employer welfare arrangement, shall complete its annual statement blank and quarterly statement blank under section (1) of this rule for the ~~2019~~20 and ~~2020~~21 reporting year, respectively, according to the applicable instructions published for that year by the National Association of Insurance Commissioners, for completing the blank, as required by ORS 731.574. ¶¶

(3) Every authorized insurer, including every health care service contractor, shall file each annual statement supplement for the ~~2019~~20 reporting year, as required by the applicable instructions published for that year by the National Association of Insurance Commissioners, and shall complete the supplement according to those instructions. ¶¶

(4) The applicable instructions published by the National Association of Insurance Commissioners referred to in this rule are available for inspection at the Department of Consumer and Business Services. Any person interested in inspecting those instructions should contact the department at web.inscomp@oregon.gov. ¶¶

(5) Additional instructions for the filing of financial statements and reports by type of insurance are posted under annual statement instructions on the department's Division of Financial Regulation website at dfr.oregon.gov. Every authorized insurer, including every health care service contractor and multiple employer welfare arrangement, shall comply with such instructions as applicable.

Statutory/Other Authority: ORS 731.244, ORS 731.574, 733.210

Statutes/Other Implemented: ORS 731.574, 733.210