

Spring 2018

# COMMON GROUND



Working together to help Oregonians fulfill their financial goals

# Regulator reboot: Common Ground

Change creates opportunity to help us identify our common ground.



My name is Andrew Stolfi and I am the new administrator and insurance commissioner for the Division of Financial Regulation. As I get started, I want to take a moment to reflect on change and how it reveals a common ground for us as

regulators and you as businesses.

I spent the past six years in Switzerland at the International Association of Insurance Supervisors, most recently as Chief Operating Officer and Chief Counsel. Bringing my family back to the states was a major change I sought to serve the consumers and businesses of this great state.

Two years ago, the Oregon Insurance Division merged with the Division of Finance and Corporate Securities to form the Division of Financial Regulation. This change established a more efficient and effective structure enabling us to better serve Oregon consumers and businesses.

The fact is simple; we are all here to protect and support Oregon consumers. You provide valuable products and services to enrich their lives and ensure financial security and peace of mind. Our mission is

to protect access to fair products and services for all Oregonians.

In 2018, I want all of us to embrace this common ground. Working together, we can all protect and serve Oregon's consumers while supporting a positive business climate.

I believe transparent communication is essential to making this happen. That is why we decided to revive and rename *The Regulator*, a publication from the Oregon Insurance Division that provided news and information to insurance agents and administrators.

With this first official newsletter from the Division of Financial Regulation, I want us to embrace our common ground and focus on how we can all work together to make Oregon a great place for consumers and businesses to thrive.

In this flagship edition, you will find a summary of new laws that are now in place, an introduction to our consumer outreach team, department news, and recent bulletins.

I look forward to meeting and working with you in the days, weeks, months, and years ahead.

I hope you find this newsletter informative and beneficial.

Welcome to *Common Ground*.

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# Advocacy

## Meet the Outreach Team

Outreach and education are essential to accomplishing our mission. The Outreach team is actively engaged in presenting important information around the state on subjects like financial literacy, home buying, identity theft, and insurance.

### The members of our team:

**Brian J. Fordham**, Advocacy and Outreach section manager. Brian has 24 years of insurance industry experience, including 10 years at the Oregon Insurance Division and the Washington Department of Labor and Industries.

**Ron Fredrickson**, senior policy analyst. Ron has more than 30 years of insurance experience and 10 years as the Consumer Advocacy manager for the former Oregon Insurance Division.

**Kevin Jefferies**, consumer liaison. Kevin joined the Insurance Division in 2011. Before that, he served as the legislative and communications director for three legislators. Kevin also spent a few years as a social studies teacher at Amity Middle School and McMinnville High School.



**Fernando Velez**, outreach coordinator. Fernando's background is in banking and mortgage lending, including four years as mortgage loan officer and two years as Financial Services manager for the Portland Housing Center.

**Karla Martinez**, outreach coordinator. Karla has more than 16 years of insurance industry experience and six years as a consumer advocate.

## 2018 Outreach themes

### First quarter

- Budgeting/savings
- Credit/insurance

### Second quarter

- Mental health
- Homeownership

### Third quarter

- Auto insurance and financing
- Life insurance
- Long-term care

### Fourth quarter

- Cyber/financial security
- Health insurance

# New laws to help protect consumers



The 2018 legislative session garnered a lot of attention, and we will review it in the next issue. While those bills are being signed into law, let's look back at the 2017 session and the new consumer protection laws that are now in effect.

**Senate Bill 95** protects senior citizens from financial exploitation. It requires broker-dealers and investment advisors to report suspected cases of elder financial exploitation. Broker-dealers and investment advisors may delay account disbursements for up to 15 days if they suspect it will result in financial exploitation of a vulnerable person. The bill contains immunities for good faith actions authorized under the bill.

**Senate Bill 96** requires securities professionals to carry at least \$1 million in errors and omissions insurance to cover losses due to failures in supervision, misrepresentations, and bad acts. Securities professionals are required to have this insurance by July 31. The bill makes exceptions for broker-dealers covered by the federal Securities Exchange Act and also where the registered investment advisor has their principal office in another state.

**Senate Bill 98** requires non-bank mortgage servicers to obtain a license from the Department of Consumer and Business Services. Additionally, the law sets minimum standards for servicing loans in Oregon, prohibits fraudulent activity, and allows DCBS to investigate complaints. (See story on Page 5.)

**House Bill 2356** creates a licensing system for debt buyers. It allows DCBS to set standards and take action to protect consumers.

**House Bill 2339** bans health care providers from billing consumers for amounts above what health insurance pays when the consumer is in an in-network facility, but is treated by an out-of-network provider. (See story on Page 6.)

**House Bill 2391** was a health care package designed to fund Medicaid services and establish the Oregon Reinsurance Program for the next two years. It provides funding for these services through assessments on health care providers, insurers, managed care organizations, and hospitals. The law also requires these organizations to file quarterly gross premium reports with the Department of Consumer and Business Services.

**Measure 101** is the funding mechanism for HB 2391. The passage of Measure 101 by Oregon voters in January established a 1.5 percent assessment of the gross amount of earned premiums from insurance companies and the Public Employees' Benefit Board to fund the state's reinsurance programs. The reinsurance fund will reimburse insurers when its claim costs exceed a threshold dollar amount known as the attachment point.

# New year, new mortgage loan protections for Oregonians

The Department of Consumer and Business Services (DCBS) now has the authority to regulate mortgage loan servicing companies.

Senate Bill 98, passed during the 2017 legislative session, places mortgage companies that service Oregon home loans under the licensing and enforcement authority of the department's Division of Financial Regulation. Mortgage loan servicing companies must now obtain a license from the division.

"This new law enables us to protect and advocate for Oregonians throughout the life of their mortgage," said Cameron Smith, DCBS director. "Homeowners now have an avenue to report any unfair actions of the mortgage companies that service their home loans."

The new law comes on the heels of the state issuing a [conditional license](#) to one of the nation's largest mortgage servicing companies, Ocwen Loan

Servicing, LLC. The conditional license is the result of a multi-state investigation into Ocwen's management of its escrow accounts.

As a condition of the multi-state investigation, Ocwen hired a third-party auditor to review the management of its escrow accounts and will provide restitution to customers that were harmed by the company's failure to handle mortgage payments. Ocwen is also restricted from acquiring new mortgage servicing rights for any home loans until April 30.

The Ocwen investigation took place before the new law, but shows how the state can help residents with more of their mortgage concerns.

The department's Division of Financial Regulation has several [home buying and home ownership resources](#). If you experience problems with your mortgage company, call our advocates at 866-814-9710 (toll-free).





## New law protects consumers from surprise medical bills

A new law protects consumers from receiving surprise out-of-network medical bills from health care providers. The new law prevents health providers, who were not chosen by the consumer, from balance billing services performed on or after March 1, 2018.

Balance billing occurs when an out-of-network health care provider you did not choose, such as an emergency room physician, anesthesiologist, or radiologist, bills you for more than the allowed in-network charges when you are at an in-network facility.

The Division of Financial Regulation is available to assist Oregonians who believe they have been improperly balance billed.

“It is almost impossible to choose every medical provider at a medical center that treats you, even

more so in the case of an emergency,” said Andrew Stolfi, Oregon insurance commissioner. “If you are surprised by a bill from an out-of-network doctor or other health care provider, you should connect with our advocacy team immediately.”

If you receive services from an out-of-network provider, you may still be responsible for co-insurance, co-payments, or deductibles. The new law does not prevent consumers from choosing an out-of-network provider, nor does it prevent out-of-network providers from balance billing consumers when consumers choose to see them.

If you have questions or concerns regarding your insurance coverage or a surprise medical bill connect with our advocates at 888-877-4894 (toll-free) or [visit our website](#).



# Oregon will be one of first three states awarded federal funds to support reinsurance program

Oregon is one of the first three states to receive funding from the Centers for Medicare and Medicaid Services to support a state reinsurance program. The state’s award will be approximately \$54 million.

The Oregon Reinsurance Program, created during last year’s legislative session, spreads the risk of high-cost claims among all insurance companies to steady the individual health market. The Oregon Department of Consumer and Business Services will manage the program.

“The federal funding recognizes our work to provide comprehensive health insurance options for Oregonians,” said Cameron Smith, DCBS director. “The Oregon Reinsurance Program will help provide

market stability for over 200,000 individuals, and encourage insurance companies to offer plans in every corner of the state.”

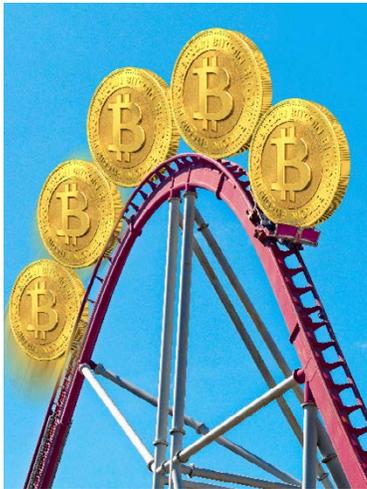
The reinsurance program will be funded by the federal award, funds from the Oregon Temporary Reinsurance Program that ended in 2016, the Oregon Health Insurance Marketplace assessment, and the assessment that was approved by the Measure 101 vote.

Now that funding is secured, the department can set operating parameters and guidelines for the reinsurance program. Estimated funding will be more than \$90 million for 2018.

# Risks and tips before buying digital currency

The Oregon Department of Consumer and Business Services recently received two consumer complaints regarding digital currency transactions. Both cases involve consumers unable to get help accessing their accounts from their digital currency exchange.

These complaints reveal several risks and tips for consumers to consider before purchasing digital assets, often referred to as cryptocurrency.



## What is cryptocurrency?

Cryptocurrencies are unregulated digital assets that have no government backing. They are typically purchased, used, stored, and traded electronically through a digital currency exchange. They can be

traded for goods and services, transferred from one person to another, or held for investment purposes. Cryptocurrency does not meet the economic definition of currency.

## Types of cryptocurrency

There are many cryptocurrencies in circulation. The most common is Bitcoin. Others include Ethereum, Dogecoin, Dash, BitConnect, and Litecoin. Cryptocurrencies are created through sophisticated computer algorithms called mining.

## The risks of cryptocurrency

Currently, cryptocurrency is not regulated by the federal government or by the State of Oregon. Digital currency is appealing to some people because it is unregulated, and difficult to trace. This creates several risks for consumers:

- Owners typically have no recourse if their cryptocurrency is lost, stolen, or hacked from their accounts at a digital currency exchange. Digital currency exchanges are common targets for cyberattacks.
- Cryptocurrency is not a stable asset and can experience sudden and sharp increases or decreases in value.
- Cryptocurrency holdings are not federally insured. Unlike deposits in a bank or credit union, cryptocurrency is not insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA).
- Businesses are not required to accept cryptocurrencies as payment for goods and services, and very few accept them.

## Tips before purchasing cryptocurrency

The Department of Consumer and Business Services encourages Oregonians to follow these tips before purchasing cryptocurrency:

- Do not spend money you cannot afford to lose. The volatility of the digital currency market means that you should not purchase cryptocurrency with money that is needed for essential purposes such as food, housing, and bills.
- Treat digital currency like a nonliquid investment similar to oil, copper, or gold. However, understand that digital currencies do not have any tangible value and do not pay interest or dividends.
- To transmit cryptocurrency to someone else, use a digital currency exchange that is licensed with the state. Oregon law requires companies that transfer digital currency from one person to another to be licensed as money transmitters. Digital currency exchange companies that only turn cash into digital currency are not required to be licensed.

# BULLETINS

## DFR 2018-01: Accepting pharmacy or medical billings for vaccinations

Under Oregon law, the public health director of the Oregon Health Authority has the ability to declare a disease outbreak in a particular part of Oregon or across the state. When the director declares that a disease outbreak exists, insurers offering health benefit plans in the state must cover the cost of necessary vaccinations or similar preventive measures to prevent the spread of disease.

On Nov. 1, 2017, the public health director declared an outbreak of meningococcal disease at Oregon State University, requiring health insurers to cover vaccinations of Oregon State students.

The [bulletin](#) includes additional requirements of insurers.

