

Property and Casualty Insurance Industry Meeting

Presenters: Andrew Stolfi, Brian Fordham,
Spencer Peacock, Sandra Emanuel,
Ana Pace, Jan Vitus

Division of Financial Regulation



Department of Consumer
and Business Services

Welcome



Andrew Stolfi

Insurance commissioner



Brian Fordham

Insurance Product Regulation and
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P&C data reporting



Spencer Peacock

Lead Data Analyst

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Data reporting: P&C routine reporting requirement

- Need for more granular information regarding Oregon's P&C market across the state.
- Currently working internally to identify information that will be required.
- Plan to keep number of data elements small and focus on geographic granularity.
- Where possible, plan to align with Market Conduct Annual Statement (MCAS) reporting criteria.

Data reporting: P&C routine reporting requirement

Scale up approach (potential schedule)

- **Year 1 (report due in 2022 for 2021 data)**
 - Focus on smaller number of respondents and lines of business.
 - Seek and consider feedback received.
 - Conduct lessons learned and adjust for Year 2.
 - Reports will be submitted via Excel template.
- **Year 2 (report due in 2023 for 2022 data)**
 - Implement feedback.
 - Expand list of respondents and lines of business.
 - Reports will be submitted via Excel template.
- **Year 3 (report due in 2024 for 2023 data)**
 - Continue expanding.
 - Migrate report submission to a reporting portal.

Data reporting: Prescribed fire coverage data call

- DFR issued a data call to better understand which insurers offer coverage for prescribed fires in Oregon or any other state.
- This will help provide DFR with information necessary to fulfill legislative obligations under HB 2571 (2021).
- Issued on Oct. 26, due date was Nov. 5.
- All P&C companies licensed in Oregon were required to respond.
- DFR will be conducting follow-up outreach to all insurers that have not yet responded.

Data reporting: HB 3272 data call

- DFR will be issuing a data call focused on changes required by Oregon House Bill 3272 (2021)
- Companies with written premium in Oregon under the homeowners line of business for the 2020 calendar year will be required to report
- Groups may submit a single report, including information for multiple companies
- Anticipated issue date is Nov. 15

Data reporting

Next meeting

- Wednesday, Dec. 8, 11 a.m. PT
- Initial feedback or questions:
dfr.datateam@dcbs.oregon.gov

Market Conduct Examination Program

Our roles as examiners:

- Review concerns brought up by Consumer Advocacy and Market Analysis
- Verify and ensure compliance with Oregon statutes and laws



Ana K. Pace

Insurance Examiner

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Sandra Emanuel

Insurance Examiner

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Market Conduct Examination (MCE) Program

The MCE Program property and casualty standards will be provided before the follow-up meeting.

Types of market conduct examinations:

- Target examinations
- Limited-scope examinations include:
 - Re-examinations
 - Compliance examinations
 - Desk examinations
- Comprehensive examinations

Market Conduct Examination Program

Target examinations

- Focus: Specific line of business or practice to a particular area of concern that may be addressed at any time.

Limited-scope examinations (re-examinations, compliance examinations, and desk examinations)

- Focus: Follow up on an issue found during a previous examination.
 - Re-examinations and compliance examinations:
 - Verify the company has initiated prior recommended corrective actions.
 - Desk examinations: Follow up on issues found during a previous examination or area of concern.

Comprehensive examinations

- Focus: Full-scope examinations that generally involve a review of all of a company's business practices.

Market Conduct Examination Program

General process for examinations

- Notice of examinations – call letter
- Coordinator contact: Handbook delivery
- Pre-examination conference
- Examination
- Wrap-up conference
- Compilation and finalization of report
- Publication

Market Conduct Examination Program

Example of a limited-scope compliance examination

Homeowners policy: Wildfire claim

Issue: Policies canceled due to claims made

Applicable standards:

Oregon General Standard: Underwriting and rating

- No. 6: Policies, contracts, riders, amendments, and endorsements are issued or renewed accurately, timely, and completely.
- No. 8: Cancellation/nonrenewal, discontinuance, and declination notices comply with policy and contract provisions, state laws, and the regulated entity's guidelines.

Market Conduct Examination Program

Example of a limited scope compliance examination (continued)

Issue: Changes in premiums due to the wildfires by ZIP code

Applicable standards:

Oregon General Standard: Underwriting and rating

- No. 1: The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the regulated entity's rating plan.

Oregon General Standard: Policyholder service

- No. 1: Premium notices and billing notices are sent out with an adequate amount of advance notice.

Market Conduct Examination Program

Next meeting

- Monday, Dec. 6, at 11 a.m. PT
- Initial feedback or questions:
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P&C products and standards



Jan Vitus

Lead Property/Casualty Analyst

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P&C products and standards

Schedule:

- First group:
 - 440-3618-Monoline and Package Property
 - 440-3604-Crop, Hail and Aircraft
 - 440-3610-Personal Lines Liability and Commercial Lines Liability
 - 440-3609-Motor Vehicle Rules/Rates
 - 440-3615-Motor Vehicle Forms
 - 440-3615a-Motor Vehicle Application Forms
 - 440-3627-Inland Marine, Burglary and Theft
- Second group:
 - 440-3623-Service Contract and VPP Reimbursement Insurance-(Contractual Liability)
 - 440-2445-Stop Loss/Excess Loss
 - 440-3626-Vehicle Rental Company Automobile Insurance
 - 440-5056-Pet Insurance
 - 440-4123-Legal Expense
 - 440-4868-Service Contract Obligors
- Second group (continued):
 - 440-4869-VPP (Vehicle Protection Product) Warrantors
 - 440-5057-Collateral Protection/Residual Value/Vendor Single Interest
 - 440-3616-GAP Insurance
- Third group:
 - 440-3617 Boiler & Machinery and Mechanical Breakdown
 - 440-3620 Mortgage Insurance
 - 440-3621 Surety & Fidelity
 - 440-2445 Title Insurance
 - 440-3624 Travel Insurance
 - 440-3625 Involuntary Unemployment and Family Emergency Leave (not PFMLI)
 - 440-3625c Credit Default and Credit Personal Property
 - Various Workers' Compensation Standards
 - 440-3611 to 3614 Rating Organization Loss Cost and Reference Filing Checklists

P&C products and standards

DFR will address these subjects in some, or all, of the Property/Casualty product standards checklists, Service Contract 440-4868, VPP 440-4869, Title 440-3605, Stop Loss 440-2445, or other.

HB 3272 (2021) – Additional living expenses (DFR 2021-5)

- 440-3618 Monoline and Package Property (homeowners, farmowners, dwelling fire), perhaps others. For a declared emergency order, this law requires an insurer that provides coverage for full replacement costs of damaged or destroyed property, to allow the insured not less than 12 months within which to repair, rebuild, or replaced damaged or lost property; or, if damage or loss to property occurred in a location subject to a declaration of emergency, and damage or loss is directly related to the emergency, not less than 24 months (and in some cases, not less than 36 months). The building and other structures limit can be combined when the building limit alone is not enough to provide replacement.

Subject and checklists affected

Arbitration – DFR 2020-1 bulletin

- All checklists. The policy or endorsement may call it arbitration, alternative dispute resolution, or mediation. Acceptable verbiage will include: at mutual agreement of the parties at the time of the dispute; occur in Oregon (the county of residence), or another agreed to location; according to Oregon laws. Language cannot deny the right to a jury trial. Insurer is allowed to exclude class-action lawsuits.

Appraisal – DFR 2020-1 bulletin

- All checklists. Acceptable verbiage will include: at mutual agreement of the parties at the time of the dispute; occur in Oregon (the county of residence), or another agreed to location; according to Oregon laws. Language cannot deny the right to a jury trial. Insurer is allowed to exclude class-action lawsuits.

Subject and checklists affected

Controlled substance or marijuana exclusions – DFR 2021-4

- 440-3618 (property), 440-3610 (liability), 440-3615 (Motor Vehicle Forms), perhaps others.

Criminal acts exclusions – ORS 742.005(2)

- Most checklists. Language must be clear, unambiguous, nonsubjective in its application to a specific loss, and there should be a clear connection to the policy coverage.

Intentional acts – DFR 2021-X (TBD) and ORS 742.005(2)

- Most checklists. Language must be clear, unambiguous, nonsubjective in its application to a specific loss, and there should be a clear connection to the policy coverage.

Motor vehicle step-down limits – DFR 2021-2

- 440-3615 (Forms); 440-3609 (Rates/Rules)

Subject and checklists affected

Promotional offerings – ORS 746.045

- Most checklists. ORS 746.045 (3) provides an exemption from rebating for certain activities. When the insurer includes the promotional offering in a contract, explain exactly what is being offered. Does every policyholder have equal opportunity (unfair discrimination)? Is there a connection to coverage (nexus)? Explain the gift value. Promotional programs that are more than \$100 per person/per year and other items, such as premium reduction from a reduced commission, are required to be disclosed in the policy under ORS 746.045(1).

Subject and checklists affected

Marketing plan

- All checklists. Every filing, especially for any new and innovative product, is expected to contain a thorough explanation of the product purpose, targeted audience, and how it will be marketed. Explain the use of electronic programs and information gathering for underwriting, eligibility, tiering, claim settlement practices, etc. This information is required to be filed at least annually for personal auto and homeowners submissions.

Start and end of policy term – ORS 742.048

- All checklists. This statute only prescribes the start time of 12:01 a.m. It does not address the end time. If a policy term is allowed to end at 11:59 p.m., there could be a lapse of coverage. This clarification is to protect consumers. Use 12:01 a.m. for both the start and end times for the policy term.

Subject and checklists affected

Proof of loss – ORS 742.053 (2)

- With property insurance, the claimant has 90 days to provide documentation from the date they receive proof of loss forms from the insurer. This is also typically found in the travel standards. 440-3618 (property), 440-3624 (travel).

Suit against us – ORS 742.240

- 440-3618 (property), 440-3627 (inland marine), other. The statute says 24 months, but we will also accept two years in the policy forms.

UM/UIM (automobile mandatory coverage)

- Any changes from the 2016 through 2021 legislative sessions; or any bulletins from those years. See DFR 2021-2.

APIP (automobile personal injury protection)

- Any changes from the 2016 through 2021 legislative sessions; or any bulletins from those years. See HB 2393 (2021).

Subject and checklists affected

HB 2393 (2021) for TNC and taxi risks

- HB 2393 requires transportation network companies and taxi companies to provide a motor vehicle liability policy with personal injury protection (APIP) benefits to drivers operating a personal motor vehicle or taxi in affiliation with the company. The APIP benefits must cover the driver, passengers, and pedestrians struck by the vehicle or taxi at all times during the which the vehicle or taxi is operated to provide transportation services to passengers in affiliation with the company. Update Motor Forms checklist 440-3615.

Subject and checklists affected

Automobile minimum financial responsibility

- The minimum limits per ORS 806.070 are \$25,000 per person/\$50,000 per accident BI, and \$20,000 per accident PD. An error was made when statutes were updated in 2009 and it did not change ORS 806.075 to \$50,000 per person/\$100,000 per accident BI, and \$20,000 PD. The division has dealt with this through our product review process and industry has complied. Oregon DOJ recently agreed with our approach as being within the scope of our authority. Update 440-3615.

Subject and checklists affected

Terrorism – INS 2015-1 and TRIA 2019 re-authorization e-notification

- Adding new section to mirror our process for the past 20 years. Addressing subject in all checklists

Rating models – ORS 737.310

- Most checklists. New section outlining the filing support information for rating plans developed from a predictive model. This new section will provide information about our filing requirements.

P&C products and standards

Next meeting

- Wednesday, Dec. 1, at 9:30 a.m. PT
- Initial feedback or questions:
jan.vitus@dcbs.oregon.gov

Rules and bulletins

Rules

- **Credit for reinsurance** – Relates to credit for insurance ceded to assuming insurers in reciprocal jurisdictions.
 - Public hearing: Monday, Nov. 22, 10 a.m. PT
 - Call in: 503-446-4951, conference ID: 102 680 499#
 - Written comments: karen.j.winkel@dcbs.oregon.gov by Nov. 29
- **Annual statement blanks** – Provides for update of annual and quarterly statement blanks, instructions, and valuation manuals to be used by insurers.
- **NCCI statistical plan** – Provides way to identify claims through code changes, resulting from adverse vaccine reactions via an update to NCCI's stat plan for workers' compensation, employer liability insurance.

Rules and bulletins

Bulletins

- **Wildfire** – Effective Oct. 26, 2021; posted on DFR's website.
- **Auto rating** – At the executive level pending a signature.
- **Intentional acts** – At the executive level; ongoing discussions among stakeholders.

Next meeting dates

Data reporting next meeting

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P&C products and standards next meeting

- Wednesday, Dec. 1, at 9:30 a.m. PT
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Thank you!



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