

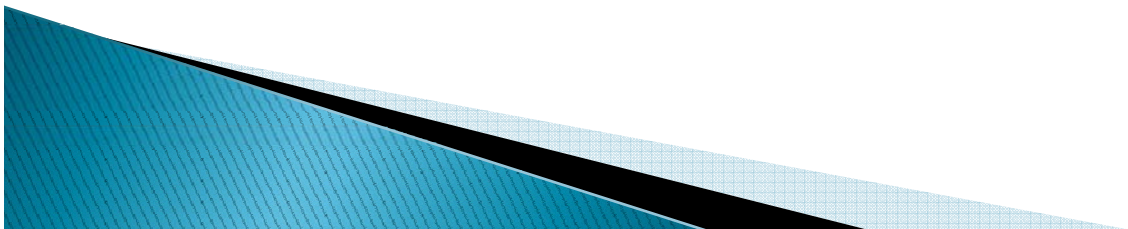


**Welcome
to the
Oregon Insurance Division
Industry Training**

Monday, October 26, 2009

Will begin at 7:30am PDT

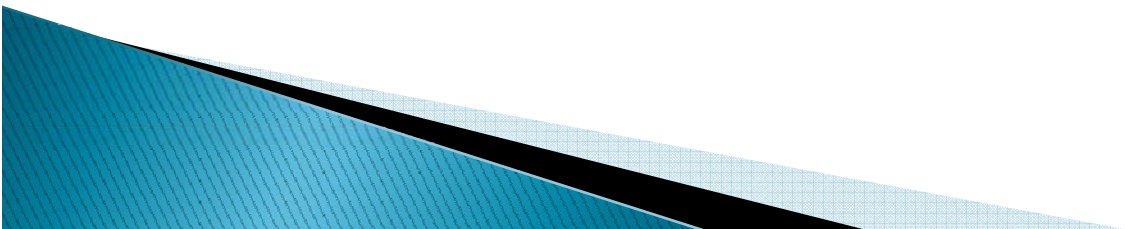
Stay tuned



Introductions and Overview

Rhonda Saunders-Ricks

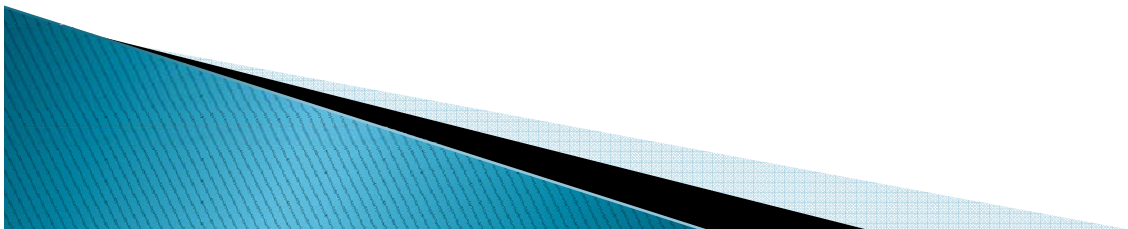
- ▶ Insurance Division Staff
- ▶ Logistics
- ▶ What to expect from Today
- ▶ Evaluation forms





Rates & Forms Helpful Information

Presented by: Tammy Vance
<http://www.oregoninsurance.org/>



Where would I find information?

http://www.oregoninsurance.org/

The screenshot shows the Oregon Insurance Division website. At the top, there is a dark red header with the text "OREGON.gov" on the left, a search bar with "Search Insurance" and a "Find" button on the right, and links for "Text Size: A+ A- A", "Text Only Site", and "Accessibility". Below the header is a dark blue bar with "Insurance Division" on the left and the "DEPARTMENT OF CONSUMER BUSINESS & SERVICES" logo on the right. The main content area is divided into three sections: a left sidebar menu, a central image, and a right sidebar. The sidebar menu includes "Department" (with a dropdown arrow), "Insurance Home", "Search", "What's New", "About Us", "Bulletins", "Committees", and "Company Information". The central image is a scenic view of a lake with mountains in the background. The right sidebar, titled "Topics", contains the text "Information for:" followed by a bulleted list of links: "Consumers", "Insurance Producers", and "Insurance Companies". A blue arrow points from the text "Click on Company Information" to the "Insurance Companies" link.

Department ▾

- Insurance Home
- Search
- What's New
- About Us
- Bulletins
- Committees
- Company Information

Topics

Information for:

- [Consumers](#)
- [Insurance Producers](#)
- [Insurance Companies](#)

Click on Company Information

Insurance Division

Department ▼

- Insurance Home
- Search
- What's New
- About Us
- Bulletins
- Committees
- Company Information
- Consumer Information
- Contact us
- En Español
- E-Mail Notification
- FAQ's
- Fees
- File a Complaint
- Forms
- Jobs with INS
- Laws & Rules

Click on
Rates and
Forms

Information for Insurers

✉ [Sign up for E-mail updates](#)

Search Pages

- [Insurance Company Search Page](#)
- [Insurance Producer \(Agent\) Search Page](#)
- [Insurance Agency Search Page](#)

[Rates and Forms](#)

Financial Regulation

- [Authorized insurers information](#)
- [Assessment on health premiums - HB 2116](#)
- [Charitable/educational organizations issuing gift annuities](#)
- [Medical discount plan organizations](#)
- [Obligors of service contracts list - September 1, 2009](#)
- [Risk purchasing groups list - August 31, 2009](#)
- [Risk Retention Group](#)

Rates and Forms Section

Helpful Information

- [New developments in Rates and Forms](#)
- [Inquire about the status of a filing](#) (by e-mail access)
- [E-notify](#)
- [Industry Reports](#)
- [About the Rates and Forms Section](#)
- [Staff Contact Information](#)

New Developments

Rates and Forms Section – New Developments

 [Sign up for E-mail updates](#)

[Waiving H1N1 cost-sharing](#)

[Oregon Insurance Division October 2009 Industry Training](#)

[Notice requirement on annuity contracts](#)

Effective Oct. 1, 2008, any individual annuity contract or subsequent offer for sale of additional coverage in connection with an annuity must include notice that the Insurance Division helps consumers who have disputes with their insurer. For more information [Click Here](#).

What is the status of my filing?

E-mail access for status on a filing.

The Rates & Forms Section of the Oregon Insurance Division has implemented a new procedure for giving filing status information to carriers. Pursuant to ORS 742.003(2), please allow a reasonable time for the filing to be reviewed before requesting a filing status.

When requesting a status, you may e-mail your status inquiry to: dcbs.ratesforms@state.or.us. In your message, please include the following information:

- Company name and NAIC number
- the form number(s)
- the date sent
- Oregon assigned filing number (if known)
- the line of insurance

We will make every effort to respond to your e-mail within 24 hours of receipt.

Industry Reports

Geographic Average Rates (GAR's)

- [Instructions for Part A](#)
- Report Part A: [Excel](#) | [PDF](#)
- [Instructions for Part B](#)
- Report Part B: [Excel](#) | [PDF](#)

Health Data Enrollment Reports

- [Health Enrollment Report Form](#)

Health Benefit Plan Report

- [Health Benefit Plan Report Form](#)
- [Instruction Guidelines](#)

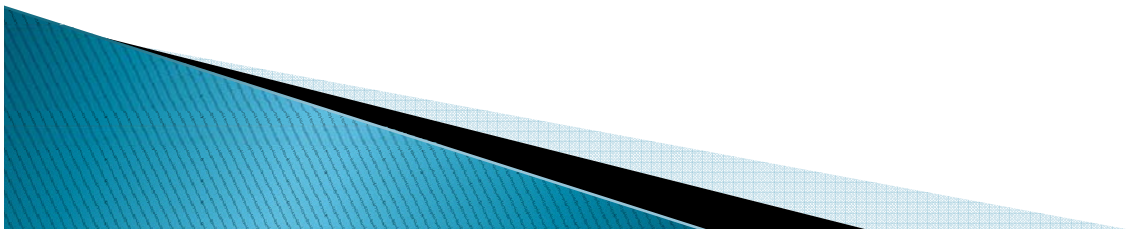
Contact Us

Who should I contact with my question?

http://www.oregoninsurance.org/insurer/rates_forms/rateform_staff-contacts.pdf

▶ Staff Contact List

- Name
- Phone number
- Email
- Type of Insurance

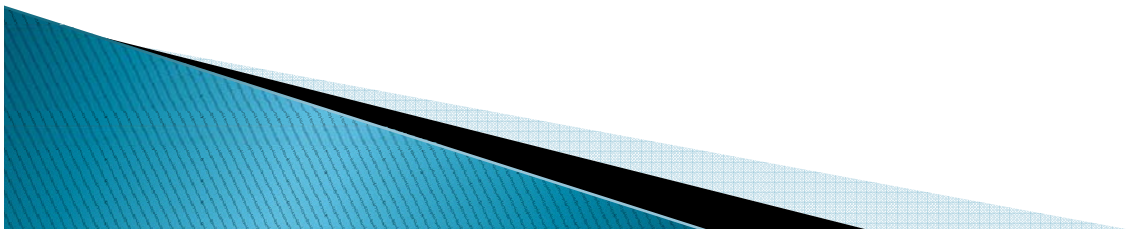


Helpful Information

➤ E – Notify

- What is it and why is it beneficial?
- How do I sign up?

https://service.govdelivery.com/service/multi_subscribe.html?code=ORDCBS&custom_id=276



Where can I find the information sent by E-notify at a later date?

Helpful Information

- [New developments in Rates and Forms](#)
- [Inquire about the status of a filing \(by e-mail access\)](#)
- • [E-notify](#)
- [Industry Reports](#)
- [About the Rates and Forms Section](#)
- [Staff Contact Information](#)

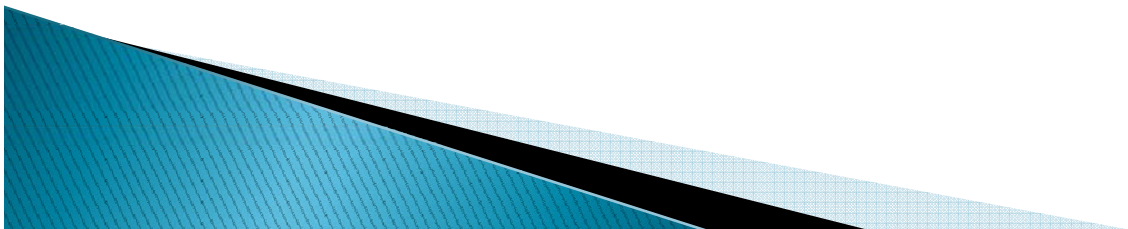
E-notifies sent by the Rates and Forms Section starting January 27, 2009.

Date Sent	Subject
September 28, 2009	<u>Waiving co-payments and other cost-sharing for H1N1 vaccinations</u>
July 29, 2009	<u>Oregon Insurance Division October 2009 Training</u>
July 7, 2009	<u>Oregon Insurance Division October 2009 Industry Training</u>
June 29, 2009	<u>The Oregon Insurance Division has withdrawn the Health Advertising Bulletin 2009-1</u>
May 15, 2009	<u>Arbitration policy provisions – All lines of business</u>
January 27, 2009	<u>Domestic partnerships and annuity contracts</u>
January 27, 2009	<u>New interpretation of the Suicide Exclusion for Accidental Death and Dismemberment Benefits</u>

New Legislation

- ▶ Oregon Legislature link on left side of home page
- ▶ 2009 Legislative summary

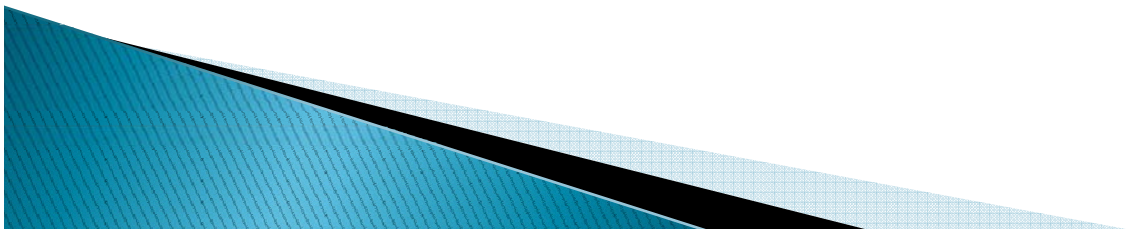
http://www.oregoninsurance.org/legislature/2009_legislature/2009-ins_legislation-main.html





2009 Oregon Insurance Division Industry Training

**Advertisements presented by:
Rolf A. Junge**



Oregon Revised Statute ORS 731.146(1)(f) Transact Insurance

- ▶ “Advertising locally or circularizing therein without regard for the source of such circularization, whenever such advertising or circularization is for the purpose of solicitation of insurance business”

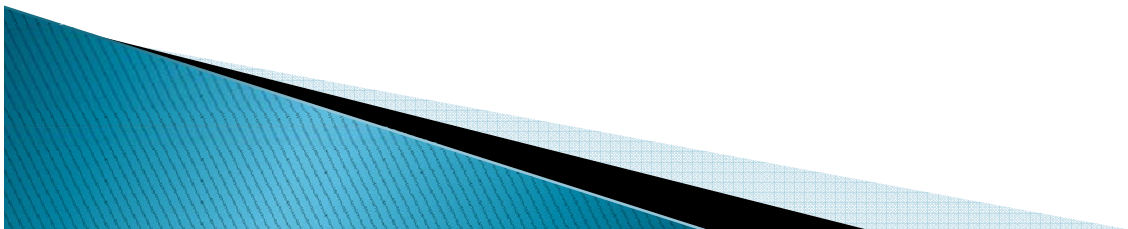
ORS 742.009

Filing of sales presentation material

- ▶ “The director of DCBS, if the director considers it necessary, may require the filing by an insurer or insurance producer of any sales presentation material for use in the sale or the presentation for sale of any policy. ...shall disapprove... if the director finds that in whole or in part, it is false, deceptive, or misleading.”

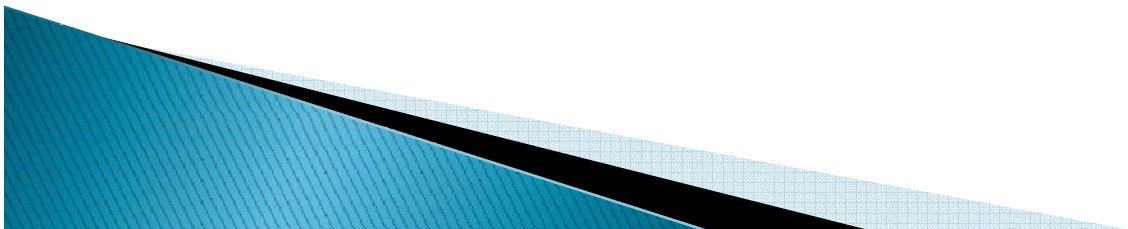
Not Advertising

- ▶ Internal Literature: producer's eyes only
- ▶ Newsletters, company magazines
- ▶ Administrative forms: quarterly/annual statements, changes of phone number, address, etc.
- ▶ Cards: birthday, thanksgiving, get well, etc.
- ▶ Producer training
- ▶ Announcements: meetings, classes, seminars
- ▶ General invitations to inquire or purchase
- ▶ Plain stationary, business cards, and simple signs



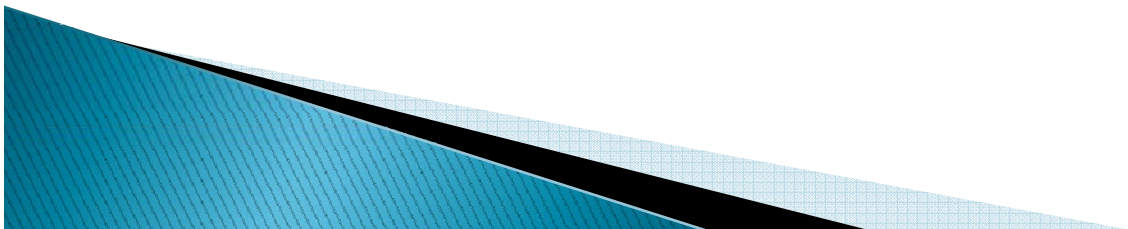
Not Advertising Continued

- ▶ General generic information:
 - Producer recruitment
 - Producer resume
 - Producer targeted information
 - Investment frontiers
 - Risk evaluation tools
 - Dollar cost averaging
 - Rebalancing
 - Life illustration
 - Third party literature
 - Annual/ quarterly performance reports



Advertising Is

- ▶ Product Specific
- ▶ External literature-for the public eye
- ▶ Purchase decision

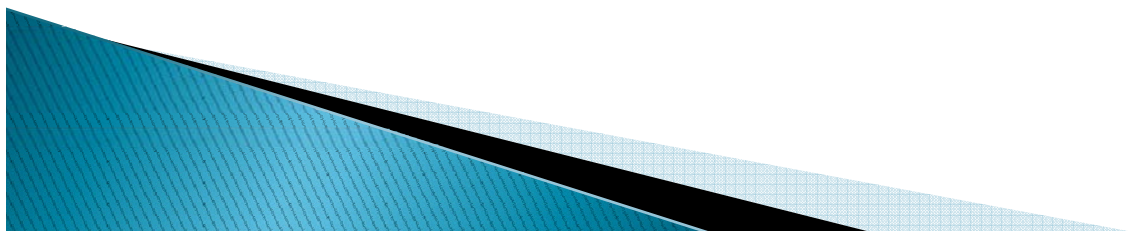


Transmittal and Standards for Life and Annuity Advertisement: 440-3308(rev.7/09/INS)

The “Standards” are clear in that the following advertisements are to be filed:

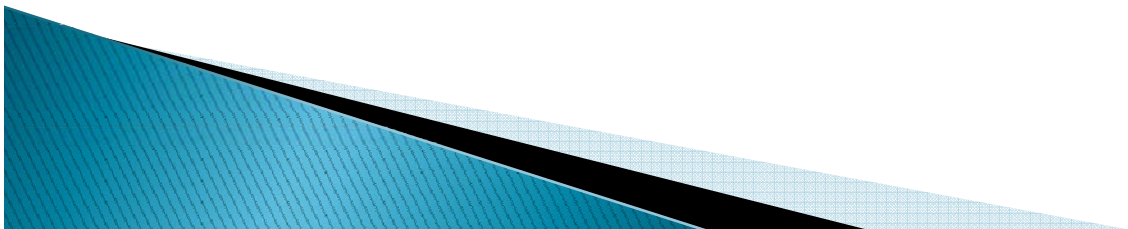
- Funeral Expense
- Final Expense
- Pre-need/Funeral
- Equity Indexed: (both annuities and life) ads for the product must accompany the policy at submission
- Direct mail or solicitation that is attached to an application
- Illustration projections that are not the required illustrations that accompany an initial filing according to the Life Insurance Illustration Rules

(836-051-500 to 600)



Health Advertisements

- ▶ Transmittal and Product Standards for All Health Advertisements 440-3308H(rev. 8/09/INS)
- ▶ Will be covered later by Carolyn Hancock



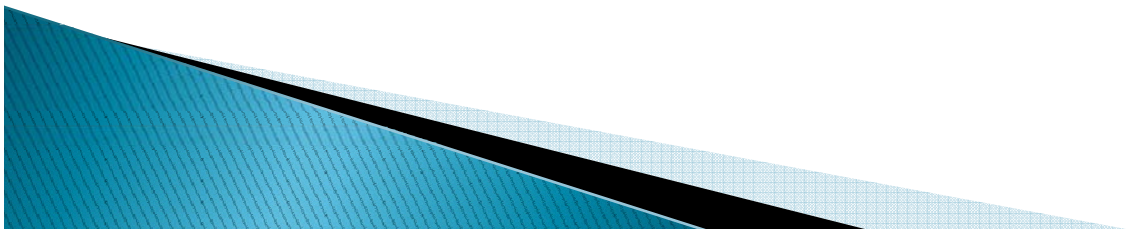
Where do I find the “Standards”?

Go to:

- ▶ www.cbs.state.or.us/ins/
- ▶ Then Insurance Companies
- ▶ Then Rates and Forms
- ▶ Under Rates and Forms Filing Information, Filing Requirements
- ▶ Then under Life/Annuities- advertisements

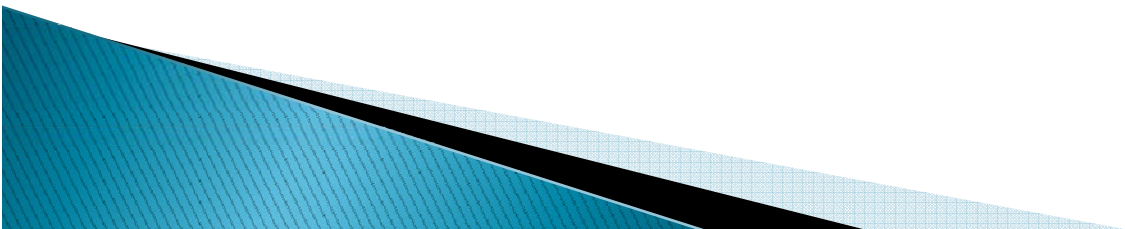
Helpful Information

- ▶ To save time include a copy of the perforated policy you are advertising(if a paper filing) or the Oregon approved filing number that it is in.
- ▶ We check your numbers and we hope you do so as well prior to your submission.
- ▶ Please place the advertising form number in the lower left corner of the page. (You can do anything you want with the bottom center or right corner).



Brackets

- ▶ If you use them, then include the corresponding perforated Statement of Variability(SOV), or the Oregon approved filing number that it is in.

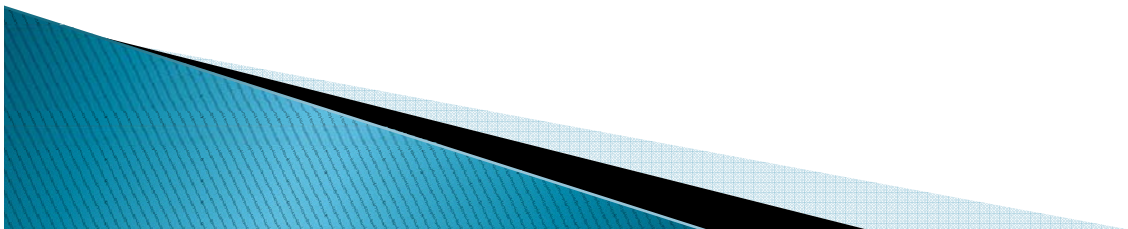


Foreign Language Advertisements

- ▶ ORS 743.104(2) A non-English language policy will be deemed to comply with ORS 743.106 if the insurer certifies that the policy is translated from an English language policy that complies with ORS 743.106.
- ▶ You may market and advertise a foreign language policy and advertisement. You must certify that the non-English policy or ad is an accurate translation of the approved English version.

Foreign Language Continued

- ▶ ORS 746.115 Advertisements in languages other than English (1) An insurer or licensee who advertises in a language other than English is not required to provide an insurance policy in any language other than English so long as the advertisement states clearly that the policy that is purchased is available only in English.
- ▶ (2) Advertisements regarding an insurance policy in language other than English may not be construed to modify that policy in the event of a dispute over the provisions of the policy.

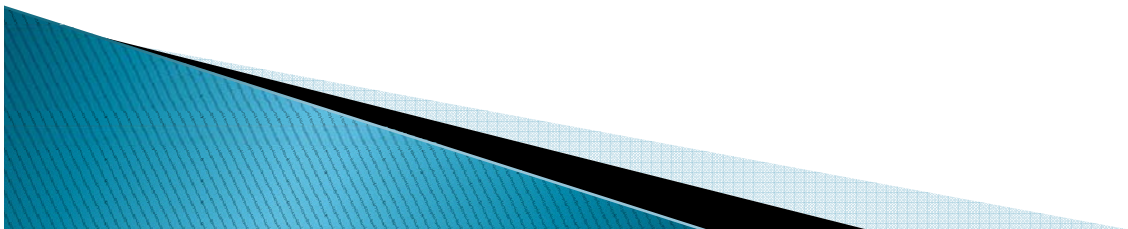




2009 Oregon Insurance Division Industry Training

Suitability

Presented by: Rolf A. Junge

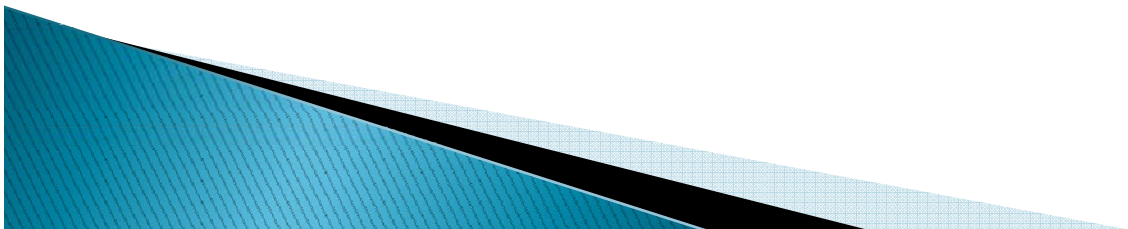


OAR 836-080-0090

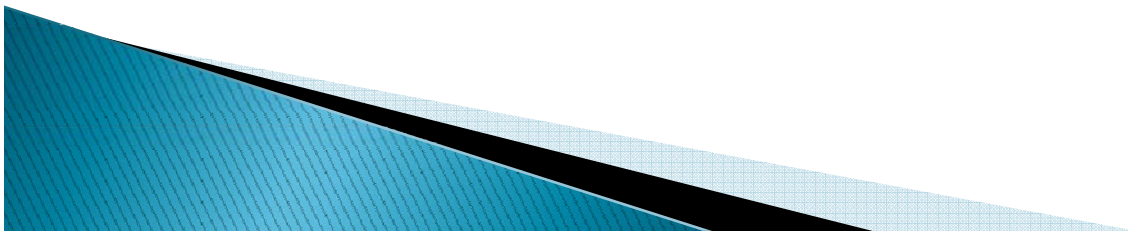
- ▶ “A person may not recommend to an consumer the purchase, sale, or replacement of a life insurance policy or annuity, without reasonable grounds to believe that the recommendation or transaction is not unsuitable for the consumer based upon reasonable inquiry concerning the consumer’s insurance objectives, financial situation and needs, age, and other relevant information known by the person. For the purpose of this rule when a person recommends a group life insurance policy or annuity, “consumer” refers to the intended group policy holder.”

The person, better the producer is to determine this suitability.

**NOT THE CONSUMER
OR INSURED!**



It is general for a reason.

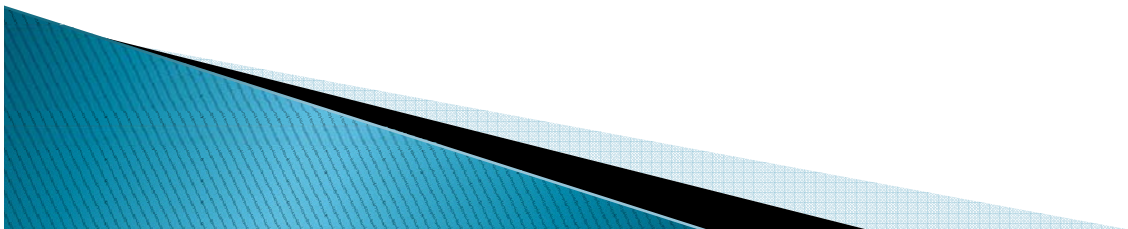


Related Issues

- ▶ Excessive Churning
- ▶ Surrender Charges
- ▶ Illustration Problems
- ▶ Professional Designations

Churning

- ▶ High Replacement Percentage
- ▶ New commission



Surrender Charges

- ▶ Longevity
- ▶ High Expense

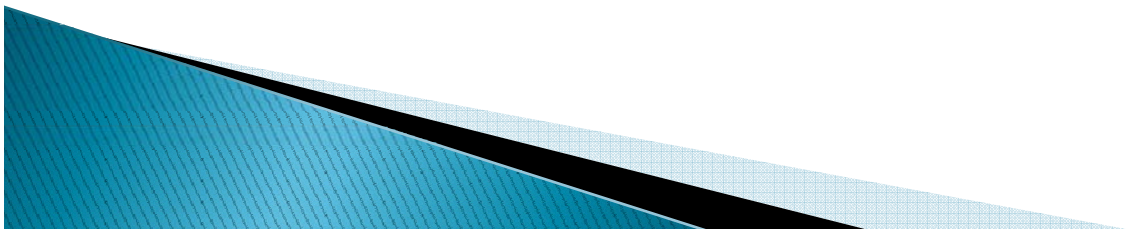
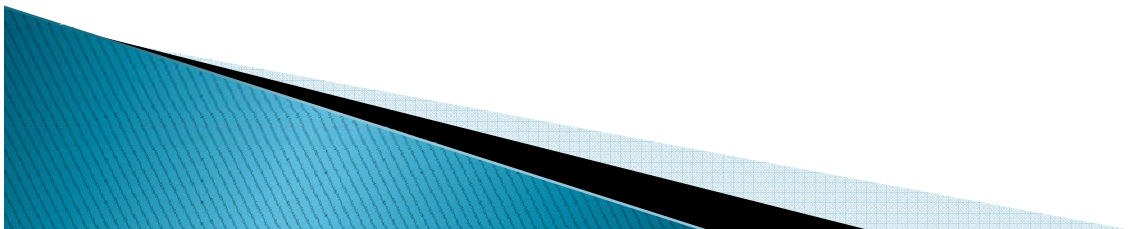


Illustration Problems

- ▶ Unreasonable and excessive interest rate
- ▶ Not showing the effects of all fees and charges
- ▶ The past is not an indication of the future- we warn but go ahead and use the past performance

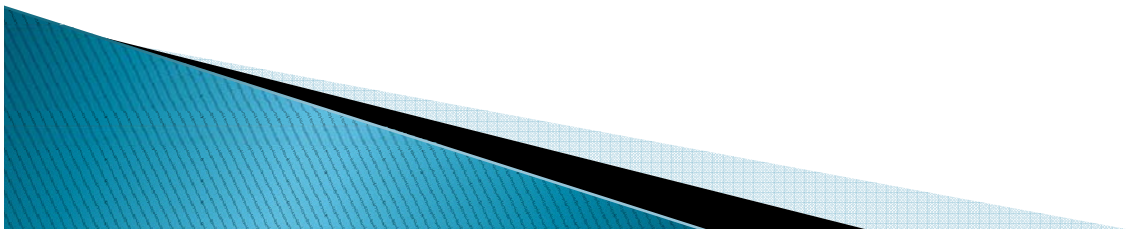


Professional Designations

- ▶ OAR 836-080-0160
- ▶ Standards, Question 8

Licensing requirements

- ▶ ORS 744.605



Insurance Consultant ORS 744.605

- ▶ “A person shall not act as an insurance consultant unless the person holds a valid license issued by the Director of the DCBS that authorizes the person to act as an insurance consultant.”

ORS 744.605

For the purpose of this section, a person acts as an insurance consultant if:

- ▶ “(a) The person purports or offers to engage in any of the activities described in paragraph (b) of this subsection by using, in conjunction with the person’s name, the title or designation of insurance planner, consultant, advisor, or counselor, or financial and insurance planner, consultant, advisor or counselor, or any similar title or designation”; or

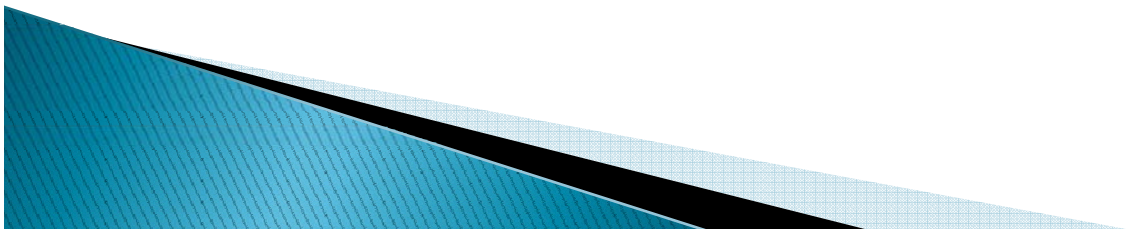
ORS 744.605 continued

(b) The person, for compensation other than commission from the sale of insurance, engages, attempts to engage or offers to engage in any of the following activities:

A. Acting as a consultant regarding insurance

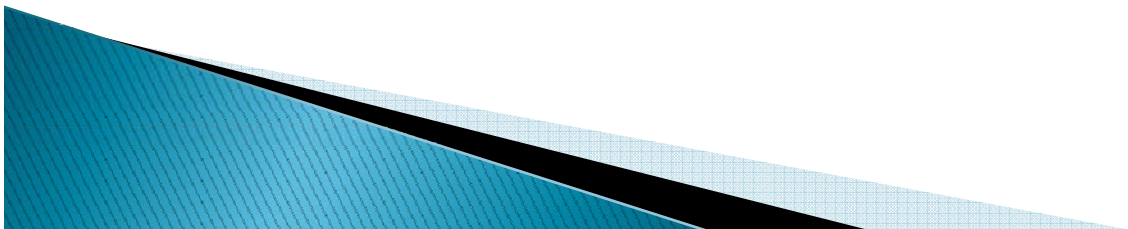
B. Giving advice, counseling, opinion or service with respect to the benefits, advantages or disadvantages of insurances that may be issued in this state.

C. In any other manner providing information about insurance.



Engages in these Activities

- A. Acts as a consultant
- B. Gives advise, counsel, opinion or service...
- C. ...providing information about insurance.

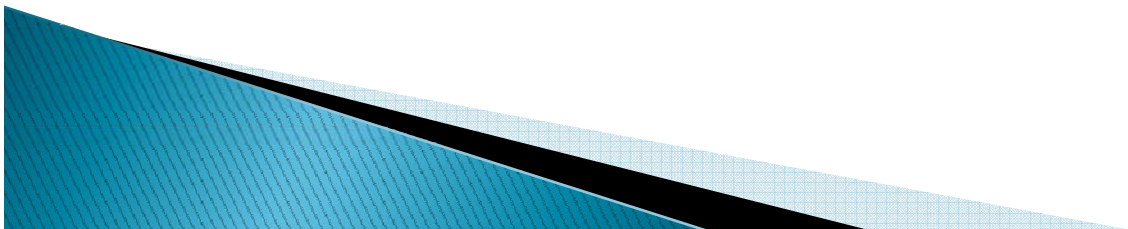


Proposed OAR 836-080-0160.

If adopted :

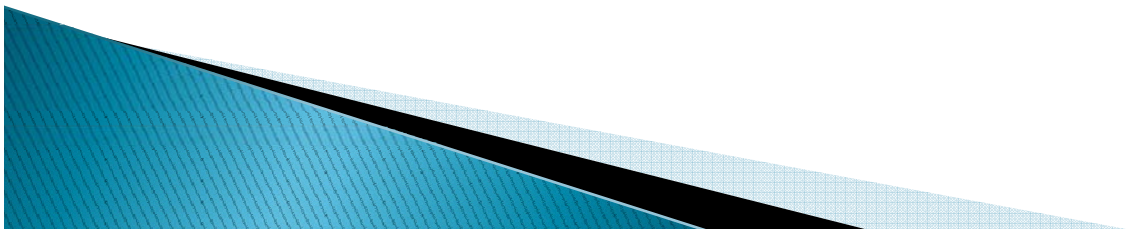
Certifications and Professional Designations

- Prohibitions- not earned, nonexistent, self-conferred, implied expertise[...],
- Inappropriate certifying organization- sales/marketing instruction, competence/criteria, monitoring/disciplining, continuing education requirements,



Accredited Organizations

- ▶ The American National Standards Institute
- ▶ The National Commission for Certifying Agencies
- ▶ Recognized on the United States Dept. of Ed. List-”Accrediting Agencies Recognized for Title IV Purposes



Titles of Specialization

must be combined with one or more words indicating specialized knowledge

▶ Certified

▶ Registered

▶ Chartered

▶ Advisor

▶ Specialist

▶ Consultant

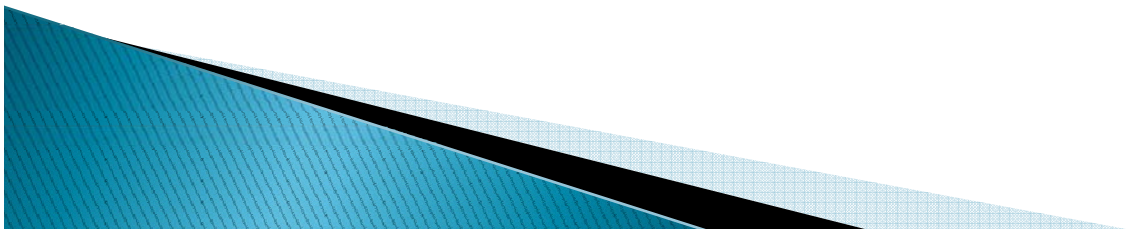
▶ Planner

The Rule is not Applicable to:

- ▶ Job Titles
- ▶ Indicators of Seniority or Standing in the Organization
- ▶ Specifies a Specific area of specialization within the organization
- ▶ A Degree or Certificate of Completion of an Academic Program-as accredited on the previous list

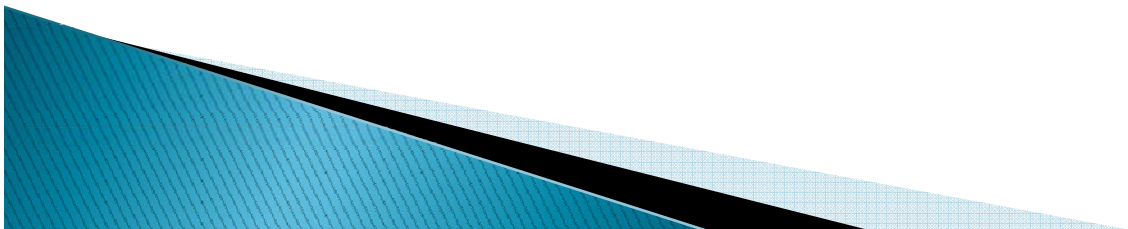
Standards, Question 8

- ▶ In our “Transmittal and Standards for Life and Annuity Advertisements(440=-3308(rev 7/09)”
- ▶ Question 8, “Any inclusion of a title for a consultant complies with ORS 744.605, Producers may be referred to as customer representatives but may not describe themselves as consultants unless they are licensed as such.”



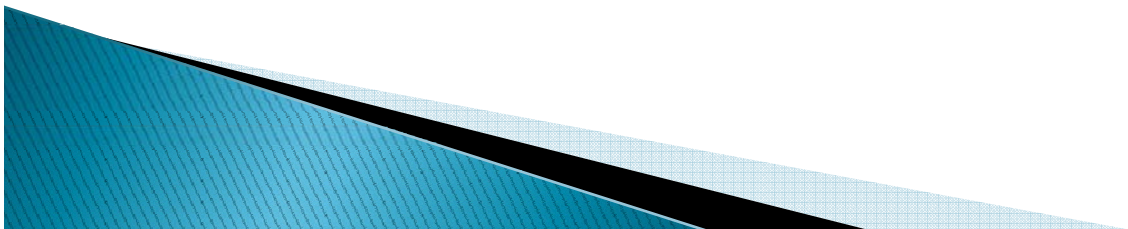
The fit of suitability is found

- ▶ The consumer's insurance objective
- ▶ Their financial situation and need
- ▶ Their age
- ▶ Other relevant information



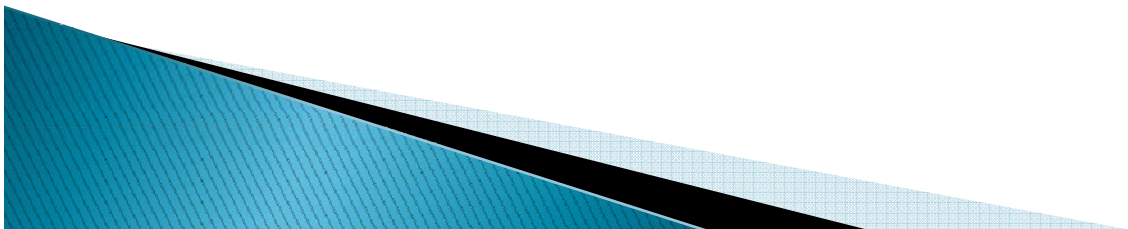
Poor Suitability Statements

- ▶ “Under Suitability for Policy: With this in mind, is the policy in accord with your insurance goals and your anticipated financial needs?”
- ▶ “I acknowledge”, “I have read”, “I have determined”, and “I believe”...”which is suitable for my needs.”



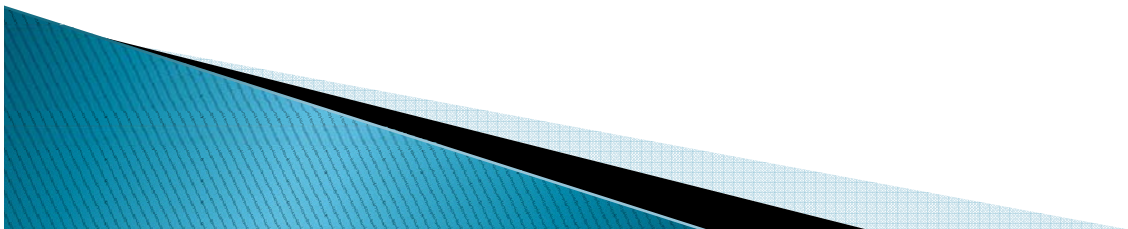
Tip

- ▶ Poor suitability statements are usually in the customer application and not the producers report.



Acceptable Suitability Statements

- ▶ (In the producers report section) “I have determined that the proposed policy is suitable for the applicant’s insurance needs.” There maybe even a list of supporting statements.”
- ▶ Or, the application asks the producer, “Did you determine the suitability …?”

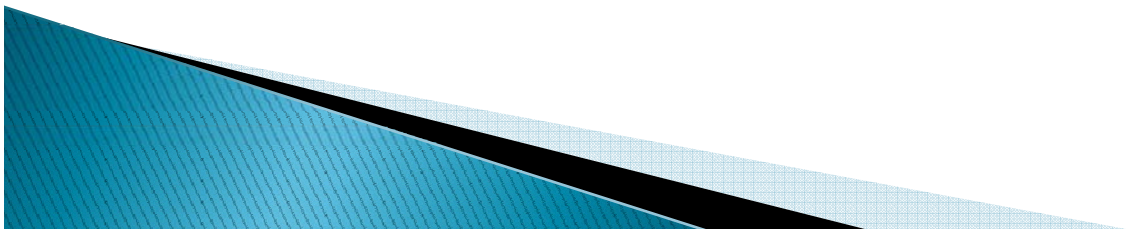


Final Note

- ▶ There is nothing that says a “Suitability Question or Statement” has to be on the application or producer report. Its absence does not circumvent the rule and the suitability of the purchase. However by its addition you may help the producer along the way of a suitable sale.

Buyer's Guide

**IMSA-INSURANCE MARKETING
SOCIETY OF AMERICA**





STOLI & BOLI

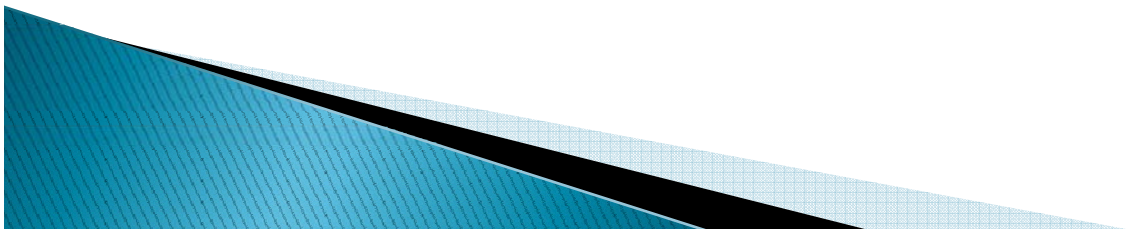
Presented by: David Bolton

Rates and Forms Reviews Ownership Provisions

For:

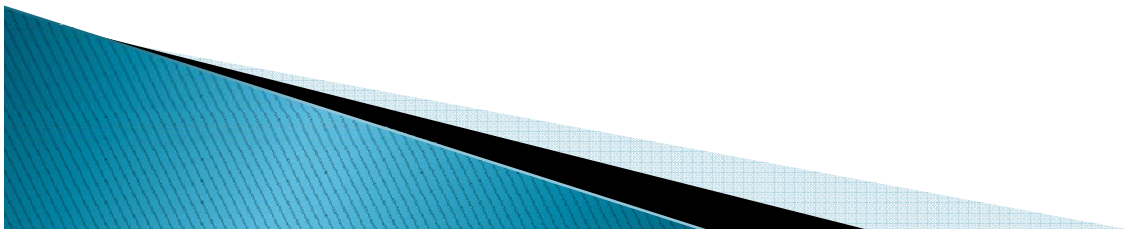
Stranger Owned Life Insurance &

Business Owned Life Insurance



STOLI & BOLI

- ▶ A life settlement agreement is a contract through which the owner of a life insurance policy sells or transfers the policy to a third party.
- ▶ STOLI involves a life settlement company entering a contract with a consumer that does not yet have life insurance.



STOLI & BOLI

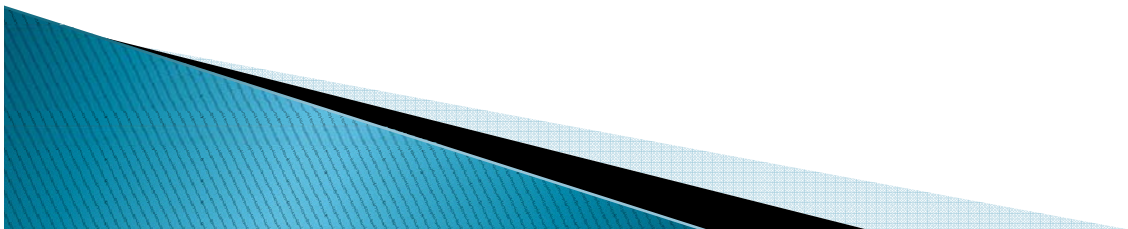
Insurable Interest and Beneficiaries

ORS 743.024

Consent ORS 743.027

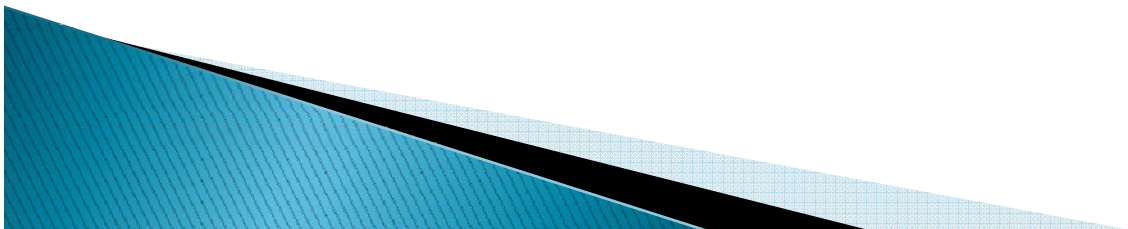
Charity ORS 743.030

Assignment ORS 743.043



STOLI & BOLI

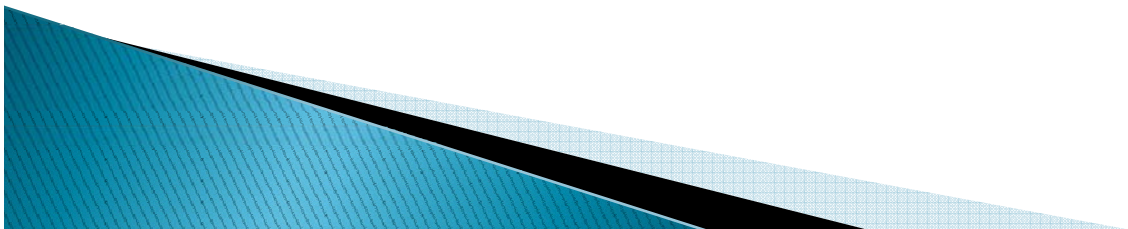
- ▶ STOLI & Senate Bill 973 (2009)
- ▶ Hybrid of the NAIC & NCOIL models
- ▶ Five year restriction on STOLI
- ▶ Exceptions for Divorce, Retirement, Death of Spouse, Disability and Bankruptcy
- ▶ Regulates Advertisements
- ▶ Free Look Period & Disclosures



STOLI & BOLI

Business Owned Life Insurance (ORS 743.228)

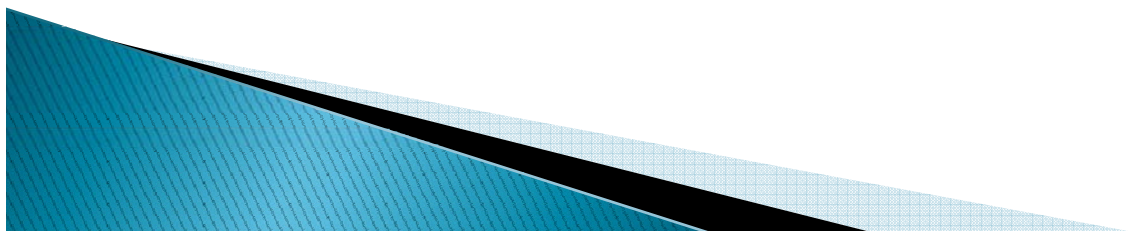
- ▶ Consent
- ▶ Only Key Employees
- ▶ No pre-printed Beneficiary Provisions
- ▶ Follow Product Standards for Applications and type of Life Insurance





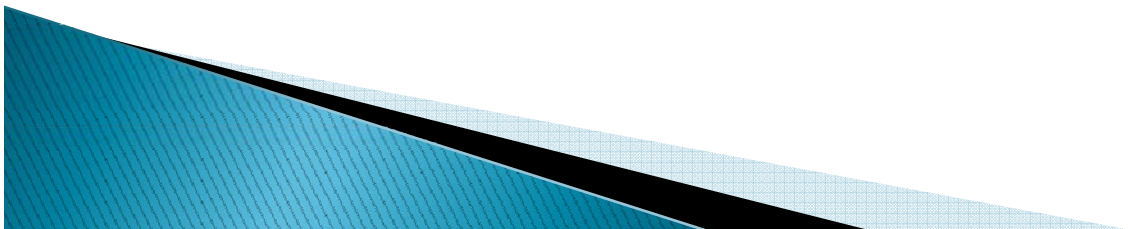
TOP TEN FILING MISTAKES for life and annuity products

PRESENTED BY: ANALYST DAVE BOLTON
FROM OUR HOME OFFICE
IN BEAUTIFUL SALEM, OR



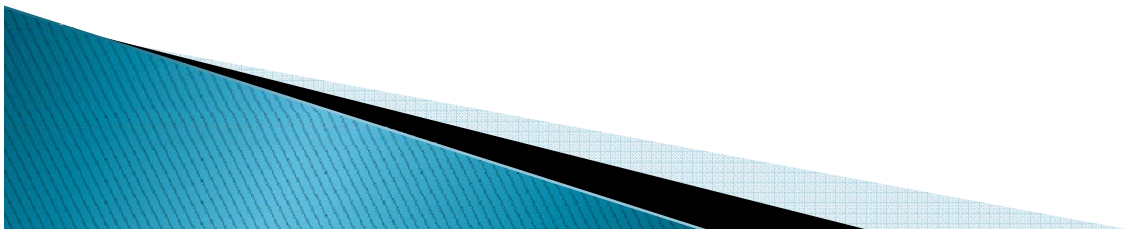
TOP TEN OBJECTIONS

- ▶ Zero may not be used in the range for any benefit or credit.



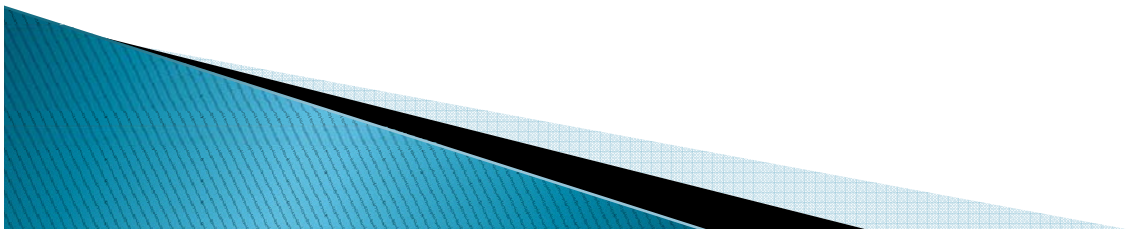
TOP TEN OBJECTIONS

- ▶ For a bracketed narrative item do not forget to include the alternative text.



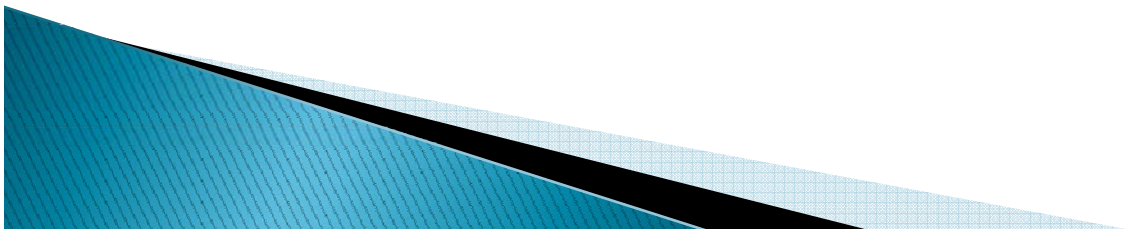
TOP TEN OBJECTIONS

- ▶ Brackets are not to be used for maximum expenses, fees or charges.



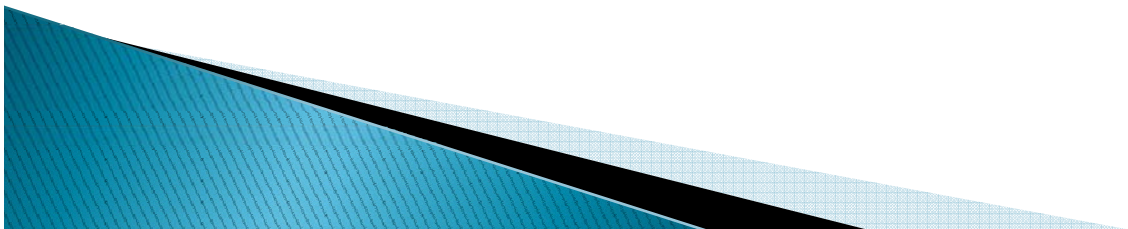
TOP TEN OBJECTIONS

- ▶ Amendments/endorsements/riders may not reduce a benefit or provide for less favorable terms than the base contract.



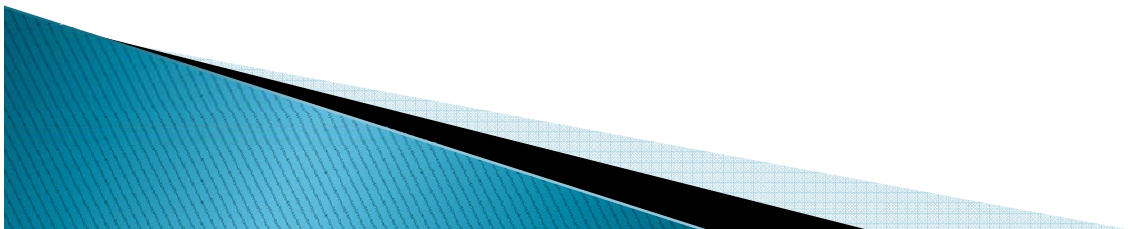
TOP TEN OBJECTIONS

- ▶ Consent or employment do not establish insurable interest.



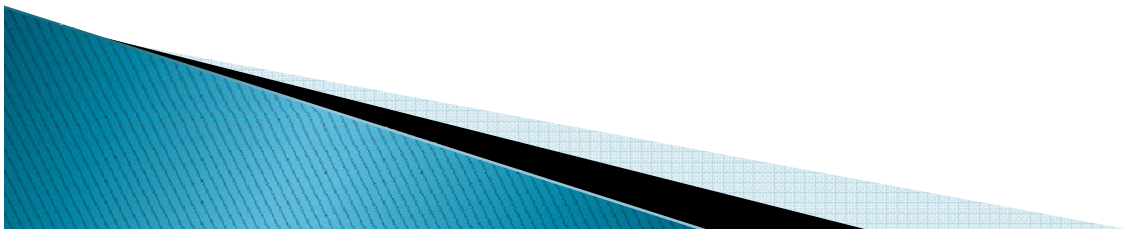
TOP TEN OBJECTIONS

- ▶ When you are updating a policy through a amendment, be sure to enclose a copy of the affected policy pages. (specific to life, health requires the entire policy to be submitted as supporting documentation)
- ▶ If the form approval was by paper, provide a copy of the perforated approval and if approved in SERFF provide the Oregon filing number.



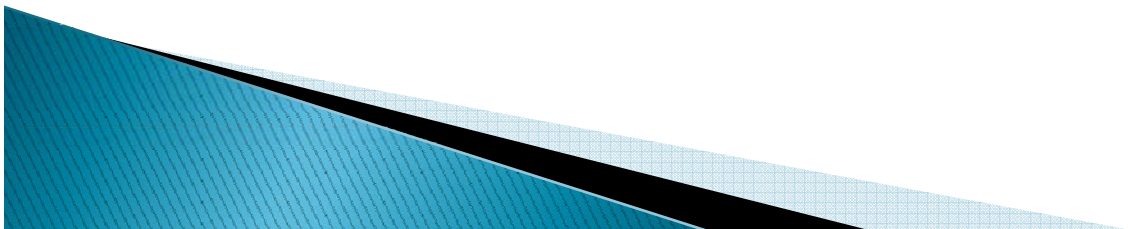
TOP TEN OBJECTIONS

- ▶ Bonuses and credits are to be guaranteed items not contingent upon company controlled activity.



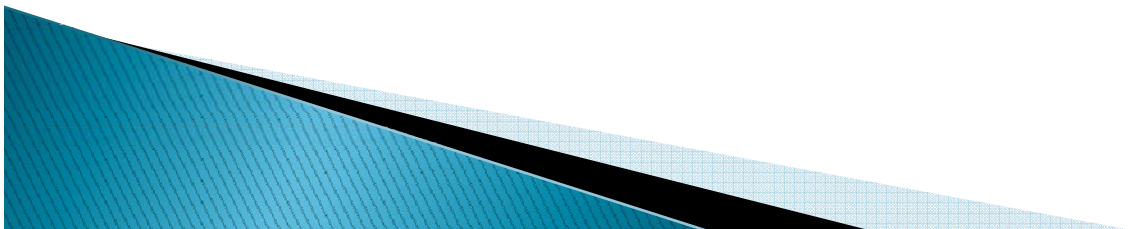
TOP TEN OBJECTIONS

- ▶ Terrorism is not an allowable exclusion.



TOP TEN OBJECTIONS

- ▶ Rate changes are to be filed as they are changes to the policy.



TOP TEN OBJECTIONS

- ▶ Please pay attention to our January 2009 e-notifies on Annuity Language and Domestic Partnerships.

