

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT

A Notice of Proposed Rulemaking Hearing or a Notice of Proposed Rulemaking accompanies this form.

Oregon Department of Consumer and Business Services Agency and Division	Insurance Division	836 Administrative Rules Chapter Number
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Treatment of reinsurance reserve credits or assets under agreements entered prior to November 9, 1995.

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of: The Adoption of Oregon Administrative Rule (OAR) 836-012-0331 relating to treatment of reinsurance reserve credits or assets.

Statutory Authority: ORS 731.244 and 731.508

Other Authority:

Stats. Implemented: ORS 731.508(6)

Need for the Rule(s):

NAIC accreditation Part A Laws & Regulation standards require states to include in statute or regulation a provision that insurers reduce to zero any reserve credits or assets established with respect to existing reinsurance agreements entered into prior to the effective date of the Life and Health Reinsurance Agreements Model Regulation (OAR 836-012-0300 to 836-012-0330) which would not be recognized under the provisions of this regulation. This requirement was contained in OAR 836-012-0330, repealed September 26, 2006.

This rule was repealed in a 2006 rulemaking, the purpose of which was to correct and update erroneous or superseded statutory, rule and other references in OAR chapter 836; to eliminate and replace obsolete material; and to make other editorial and nonsubstantive changes.

This rule appears to have been repealed in error. The repeal of this rule removed the prohibition of an insurer reporting reserve credits or assets established with respect to existing reinsurance agreements entered into prior to the effective date of the Life and Health Reinsurance Agreements Model Regulation. This repeal violates the Reinsurance Ceded accreditation standard, Part A, 10(m).

In order to remain accredited, the Division must re-adopt and retain this rule until the NAIC accreditation standards are adjusted. The replacement rule simply states that any reserve credits or assets established with respect to reinsurance agreements entered into prior to November 9, 1995 that would not be entitled to recognition under the provisions of OAR 836-012-0300 to 836-012-0331 must be reduced to zero for purposes of the insurer's annual statement filing.

Documents Relied Upon, and where they are available:

- 1) NAIC Life and Health Reinsurance Agreements Model Regulation
- 2) INS Division rulemaking 19-2006

These documents are available for public inspection at the Insurance Division, Labor and Industries Building, Salem, Oregon 97301-3883, during regular business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday.

Fiscal and Economic Impact:

Insurers will incur no costs in complying with this rule. No small businesses will be affected by this rulemaking

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

Neither the Division nor any other state agency or local government will incur costs as a result of this rule.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small businesses and types of business and industries with small businesses subject to the rule:

None

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

None, requirements under this rule are covered under other rules and statutes.

c. Equipment, supplies, labor and increased administration required for compliance:

None.

How were small businesses involved in the development of this rule?

Due to the technical nature of this rule and the inapplicability of it generally, the agency did not form an advisory committee for this rulemaking.

Administrative Rule Advisory Committee consulted? No.

If not, why?: This rulemaking was required to meet a technical requirement for NAIC Accreditation and is basically a moot requirement in Oregon as the entities to which it was originally applicable have since 1996 come into compliance and no longer need this transitory provision. Due to the nature of the rule, the division did not want to impose on an advisory committee to review this rule.

(Signed)	Teresa D. Miller, Insurance Administrator	November 10, 2009
Signature	Printed name	Date

Administrative Rules Unit, Archives Division, Secretary of State, 800 Summer Street NE, Salem, Oregon 97310. ARC 925-2007