

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

Before the Insurance Administrator
Department of Consumer and Business Services

In the Matter of Amending)	SUMMARY OF TESTIMONY
OAR 836-011-0255 to Correct Self-Insured)	AND HEARING OFFICER'S
Reporting Rules to Add Definition of)	RECOMMENDATION
Qualified Actuary for Health Insurance)	

Procedures Followed

On July 15, 2011, the Director filed with the Secretary of State a Notice of Proposed Rulemaking Hearing, giving notice that the Director of the Department of Consumer and Business (DCBS) Services proposed to begin rulemaking to correct an oversight in this rule as the rule was adopted on February 4, 2011. The rule requires a qualified actuary to issue an actuarial report on reserve adequacy for self-insured groups.

After receiving an inquiry from a member of the public, the Insurance Division reviewed the rule as adopted on February 4, 2011 and found that the rule failed to include qualifications for both property and casualty actuaries or health actuaries who must issue a written actuarial report to accompany a demonstration of compliance with the requirements for self-insured bodies to maintain their exemption from regulation under the Insurance Code. The rules to which this requirement is attached address the annual financial statements required for self-insured groups established by three or more public bodies and apply to self-insurance programs that are exempt from the Insurance Code under ORS 30.282 and 731.036.

In order to be exempt, the self-insurance program must meet certain financial requirements related to reserve adequacy provisions. To demonstrate compliance with those requirements, a qualified actuary must submit a written actuarial report. Under the rules as adopted in February 2011, the definition of "qualified actuary" included the qualifications for an actuary submitting a report for property or casualty self-insurance exempt under ORS 30.282(6)(d) and 731.036(4) and (5). However, the rules failed to define "qualified actuary" for purposes of self-insured health coverage exempt under ORS 731.036 (6). It would be inappropriate for a property or casualty actuary to submit the report for health insurance.

Advisory Committee Recommendations: The proposed rules were reviewed via email by members of the external rulemaking advisory committee that reviewed the original rules adopted in February. The committee did not recommend any additional changes to the rules.

Fiscal impact: These rules will have no impact to the Department of Consumer and Business Services and no impact to self-insured groups, local governments or small businesses.

Testimony Received and Hearing Officer Recommendation

The hearing was held as scheduled. Jeannette Holman, Senior Policy Analyst was the hearing officer. No persons attended the hearing and no one submitted written comments.

The hearing officer recommends that the proposed rules be adopted without change.

The rulemaking was reviewed again for its economic effect on businesses, including small businesses, and there is no need for further change. The rulemaking is within the Director's rulemaking authority, and applicable rulemaking procedures were complied with.

Signed this 21st day of September 2011.

Department of Consumer and Business Services

/s/

Jeannette Holman, Hearing Officer

This Summary and Recommendation are reviewed and adopted.

Signed this _____ day of September 2011.

Department of Consumer and Business Services

/s/

Berri Leslie, Insurance Administrator