



The Agents' Advocate

*Oregon Government Relations News – Professional Insurance Agents of Oregon/Idaho (PIAO/I)
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April 25, 2006*

CCTF to Begin Consideration of Insurance Issues June 28

The Construction Claims Task Force is almost through its work on the construction side of issues with its meeting on May 24, and for the next three meetings beginning on June 28 it will focus on insurance issues. The dates of these meetings have been extended by several weeks to allow a little more time to gather information from the Insurance Division's data call to insurance companies. Here is a schedule for the insurance-related meetings:

June 28, 2006 (1:30 – 5:00 p.m.)

Insurance Overview

- Insurance RFP report
- Regulatory agency panel (OID)

July 26, 2006 (1:30 – 5:00 p.m.)

Insurance Discussion

- Insurance industry panel
- Task force discussion on findings and recommendations

August 23, 2006 (9:00 – 11:30 a.m.)

Phase II Wrap-up

- Public comment related to recommendations under consideration
- Identify Phase II recommendations for drafting

Note that public testimony on insurance issues will be accepted on August 23. When information about the insurance study is released, you can find it on the Construction Claim Task Force website: <http://egov.oregon.gov/DCBS/CCTF/>.

During its focus on construction issues, seven pages of suggestions were given to the Task Force. They prioritized these into the following list:

- 2-A Develop minimum, building-envelope design standards including use of a drainage cavity
- 2-D Involve building-envelope specialists in development process from design through occupancy
- 3-A Develop “best practices” and installation guidelines consistent with code and manufacturers’ instructions
- 3-D Increase oversight on the job-site by architect, engineer, building envelope specialist, or other certified supervisor to review construction practices
- 4-A Provide training related to building-science and water-intrusion issues to designers, contractors, inspectors, and property managers
- 5-A Explore rainscreen technology as a construction approach.
- 5-B Require additional mechanical venting of moisture from interior spaces (e.g., bathrooms and kitchens)
- 5-C Require moisture content not exceed a defined level before closing the cavity
- 6-B Provide consumer education to owners and homeowner association boards regarding maintenance plan and maintenance issues

- 7-A Increase bond amount or institute a stratified bond amount based on work volume
- 7-B Require performance bonds when a contractor has a history of claims
- 8-A Create a specialized license for building-envelope contractors (e.g. roofing, siding, windows, etc.) to include required training, experience, and/or demonstration of competency
- 8-D Increase CCB's enforcement powers including terminating a contractor's license if they have a history of problems
- 8-F Prevent problem contractors from obtaining a license under a new corporate identity
- 9-D Require the contractor doing the work to take out the permit (as opposed to the homeowner)
- 10-H Prosecute the most egregious contractors in criminal court
- 12-C Establish a recovery fund.

You can find the total list of recommendations at

http://egov.oregon.gov/DCBS/CCTF/docs/recommendations_to_date_040306.pdf.

Insurance Division Letter About Fees

The Oregon Insurance Division asked us to publish the attached letter regarding fees for insurance consultants. It confirms the position of the Oregon Insurance Division has consistently been that consultant fees cannot be charged for services that are routine part of a producer's duties.

Please Help with State PAC Fundraising Drive

Our state level political action committee, in response to new laws regarding campaign finance (in particular one that seeks to clarify PAC names), has had to change its name from PIA-*Oregon!*-PAC to Professional Insurance Agents of Oregon PAC. But other than that, the fund itself remains the same. You should have received a fundraising letter from Dirk Fournier, PAC Chair. Funds for this PAC go to help qualified candidates for the Oregon State Legislature. You can claim Oregon state income tax credits for personal donations, but donations are not deductible as charitable contributions for federal income tax purposes. Thank you to all those who helped during 2005! We will also be coordinating insurance tours for politicians after the primary election.

Oregon Law Commission to Again Study Insurance Issues

The Oregon Law Commission (OLC) has convened several work groups to deal with insurance issues. The proposal for auto insurance includes only two issues for this coming legislative session. There were five OLC bills last session, all of which passed except SB 922. The bill was opposed by a select group of rental car companies. The OLC work group will again study the issue.

The summary for SB 922 reads: "Requires self-insurer for purposes of financial responsibility requirements to provide coverage for permissive drivers. Permits recovery of amount under insured's uninsured motorist coverage if insured recovers from self-insurer less than amount of insured's uninsured motorist coverage under applicable motor vehicle liability insurance policy." Here is a link to last session's bill:

<http://www.leg.state.or.us/05reg/measpdf/sb0900.dir/sb0922.a.pdf>.

Another proposal is to advance a housekeeping fix of ORS 742.504 (9), amended by last session's OLC bill, SB 925.

A proposal of potentially greater controversy has to do with deleting the present statutory exclusion of wet marine and transportation insurance from ORS 742.061, which authorizes recovery of attorney fees by prevailing insureds in litigation on any other type of insurance policy. If you would like more information, I'm happy to fax the documents presented to the OLC – please contact me.

Convention Booth

PIAO/I's Oregon Government Relations leaders will be on hand during the convention exhibition hours to talk with you about issues, candidates, and involvement through knowing your legislators. Please stop by the PIA booth and visit with us.

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