Summer 2022

COMMON GROUND

DCBS | Department of Consumer and Business Services

Working together to help Oregonians fulfill their financial goals

Administrator's Avenue

Lessons learned from Labor Day 2020

The magnitude of the disaster almost defies reality:

- 9 lives lost
- 3,124 homes destroyed
- More than 1,400 other structures destroyed
- More than 1 million acres burned
- Estimated $2 billion in insured losses

The scope and scale of the 2020 Labor Day wildfires is so striking, and counter to what we have historically experienced in Oregon, that it causes us to wonder what may be ahead for our 2022 wildfire season. As Oregon regrows and rebuilds, a few lessons learned from the division's point of view:

- Relationships matter: The division contacted members of industry and, in partnership, was able to gain relief for consumers across a wide range of program areas. This would not have been possible without all of the cooperative work done leading up to the fires. We continue to engage our industries today through our periodic meetings, formation of rule advisory committees, and multiple other channels.
- Response is immediate, recovery takes time: The response to the wildfires from the state, federal, and local governments, community organizations, and our regulated entities was rapid and impactful. In the early stages we all did our best to win the sprint, but we also now know that the rebuild is a marathon and we are still working through it.

No one is beyond the reach of Oregon's wildfires: Whether it was the loss of life, the loss of property, impacts to breathing and health, or in myriad other ways, Oregonians across the state were affected by the Labor Day wildfires. The wildfires also affected urban and rural, those who were deep in the woods and those in cities and towns, and got surprisingly close to a number of major metro areas.

So, what now? I think we have all learned of the need to be prepared, to have a "go plan" and items at the ready go to such as photos of belongings, copies of key documents, and special plans to care for kids and pets through the event. We have provided tips and information for all Oregonians that can be found here.

You can also keep tabs on the current drought situation throughout the state, which is alarming as we look ahead to the 2022 wildfire season.

We can work together and help Oregonians be prepared for when any disaster hits. Please contact us if have any questions. We hope you enjoy this edition of Common Ground.

TK Keen
Administrator
Oregon Division of Financial Regulation

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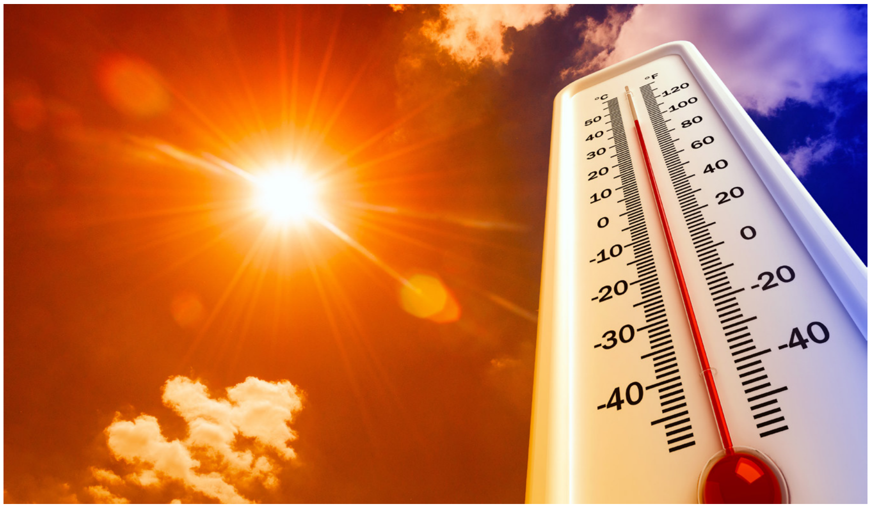
U.S. insurance commissioners endorse internationally-recognized climate risk disclosure standard for insurance companies



A bipartisan group of state insurance regulators, including Oregon Insurance Commissioner Andrew Stofli, adopted a new standard for insurance companies to report their climate-related risks, in alignment with the international Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD standard is the international benchmark for climate risk disclosure and will help insurance regulators and the public to better understand the climate-related risks to the U.S. insurance market, which is the largest in the world. National Association of Insurance Commissioners' (NAIC) spring meeting in April – puts U.S. state insurance regulators on the forefront of climate risk disclosure to protect consumers.

Commissioners Ricardo Lara (California) and David Altmaier (Florida) are co-chairs of the NAIC Climate Risk & Resiliency Task Force, which was established in 2020 to coordinate all of the NAIC's domestic and international efforts on climate-related risk and resiliency issues. The task force developed the new TCFD-aligned survey over a 14-month public participation process led Stolfi and Rhode Island Superintendent Elizabeth Dwyer, and marks the first update to the NAIC's Climate Risk Disclosure Survey approach since it was created in 2010.

The task force determined that implementing a TCFD-aligned disclosure framework would enhance transparency about how insurance companies manage climate-related risks and opportunities and incorporate international best practices, among other benefits that the Task Force identified in the new standard. Insurance regulators from France, Switzerland, and the United Kingdom currently require TCFD-aligned reports. U.S. financial regulators such as the U.S. Securities and Exchange Commission are also taking steps toward requiring TCFD-aligned disclosures for other financial institutions.

Under the new standard, insurance companies required to respond to the annual NAIC Climate Risk Disclosure Survey will need to comply with TCFD reporting by November 2022. Fifteen jurisdictions –California, Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, Minnesota, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Vermont, and Washington – have committed to use the NAIC survey in 2022 for insurance companies licensed in their jurisdictions, representing nearly 80 percent of the U.S. insurance market.

"We have all been affected by climate-related events, including wildfires, floods, and increased extreme weather. The first NAIC climate risk survey, created more than 10 years ago, led the way at the time, and it's great to see the NAIC lead again by being the first U.S. financial system regulator to adopt TCFD-aligned disclosure requirements," said Stolfi. "I'm grateful for the robust participation in this process over the past year and the strong support to adopt internationally aligned climate risk disclosures, and I look forward to continuing our work by supporting insurers in shifting to this new reporting framework."

First glimpse of 2023 health insurance rates shows increases likely

ACA-COMPLIANT PLANS
2023 HEALTH INSURANCE RATE REQUESTS

INDIVIDUAL MARKET		
Company	Average rate request	Requested Portland silver 40-year-old rate
BridgeSpan Health Company	2.3%	$501
Kaiser Foundation Health Plan of the Northwest	4.7%	$460
Moda Health Plan, Inc.	5.8%	$454
PacificSource Health Plans	12.6%	$507
Providence Health Plan	7.5%	$479
Regence BlueCross BlueShield of Oregon	4.6%	$451
Average	**6.7%**	

The Division of Financial Regulation has released the requested rates for 2023 individual and small group health insurance plans. In the individual market, six companies submitted rate change requests ranging from an average 2.3 percent to 12.6 percent increase, for a weighted average increase of 6.7 percent. In the small group market, nine companies submitted rate change requests ranging from an average 0 percent to 11.6 percent increase, for a weighted average increase of 6.9 percent. Our initial review has found that insurers have identified inflation, medical trend, and enrollment changes as factors in the proposed increases. See this chart for the full list of rate change requests.

Oregonians may also see an uptick in premiums due to the possible expiration of enhanced subsidies for on-exchange individual market plans. The additional premium support has helped to lower monthly premiums by an average of 46 percent since enactment in 2021. Under the enhanced subsidy structure, people between 151 percent and 200 percent of the federal poverty level can get a bronze plan for as low as $1 per month, with other plans varying in costs. If this premium support expires on schedule at the end of the year and is not extended, the loss of subsidies will equate to an approximate $11.9 million increase every month for Oregonians.

Health insurance companies submitted rate requests to the division on May 16. The requested rates are

SMALL GROUP MARKET		
Company	**Average rate request**	**Requested Portland silver 40-year-old rate**
Health Net Health Plan of Oregon, Inc	0.0%	$376
Kaiser Foundation Health Plan of the Northwest	3.9%	$348
Moda Health Plan, Inc.	3.6%	$387
PacificSource Health Plans	4.2%	$385
Providence Health Plan	10.0%	$379
Regence BlueCross BlueShield of Oregon	7.4%	$385
Samaritan Health Plans, Inc.	4.3%	$414
UnitedHealthcare Insurance Company	9.0%	$446
UnitedHealthcare of Oregon, Inc.	11.6%	$446
Average	**6.9%**	

for plans that comply with the Affordable Care Act for small businesses and individuals who buy their own coverage rather than getting it through an employer. Every county has at least four companies available for people to buy insurance on the individual market.

Over the next two months, the division will analyze the requested rates to ensure they adequately cover Oregonians' health care costs. The division must review and approve rates before they are charged to policyholders.

“Oregon continues to have a strong and competitive insurance marketplace, with four carriers offering plans statewide and Oregonians in most our counties having five or six companies to choose from, " said Insurance Commissioner and DCBS Director Andrew Stolfi. “The Oregon Reinsurance Program continues to allow Oregonians to find reasonable rates.”

The Oregon Reinsurance Program continues to help stabilize the market and lower rates. Reinsurance lowered rates by 6 percent for the fifth straight year.

Virtual public hearings about the 2023 health insurance rates will be held July 27-28. A link to watch the public hearings will be posted at oregonhealthrates.org. At the hearings, each insurance company will provide a brief presentation about its rate requests, answer questions from the division, and hear public comment from Oregonians.

“We look forward to a thorough public review of these filings as we work to establish next year's health insurance rates." Stolfi said. “We encourage all Oregonians to join us for the virtual public hearings and provide feedback on their health insurance plans.”

Oregonians are encouraged to comment on rate change requests during the public comment period, which runs through July 7. The public can submit comments at oregonhealthrates.org and during the public rate hearings.

Preliminary decisions are expected to be announced in early July, and final decisions will be n ublic hearings and com

Financial readiness is important before wildfire season hits

Wildfire season is right around the corner and the Oregon Division of Financial Regulation (DFR) has tips to help you be prepared.

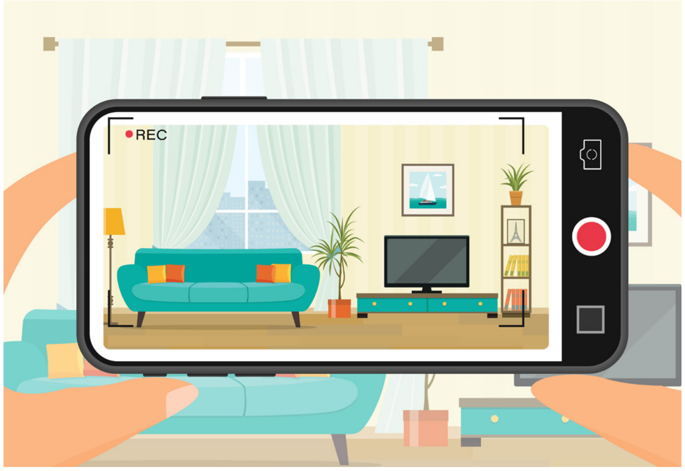
Financial readiness is often forgotten when preparing for a disaster, particularly a wildfire. Here are some tips to be ready:

- Conduct annual review with your insurance agent or company to make sure you have the right amounts and types of insurance coverage.
- Renters should purchase renters insurance to protect their personal belongings. It is affordable – many policies cost around $15 a month.
- Create a home inventory. Take photos or videos of your possessions in each room of your home. Store the inventory in the cloud or in a location away from your home.
- Gather and make copies of important identifying and financial documents, including identification and Social Security cards, titles, insurance policy information, tax records, and pet records.
- Build an emergency kit.

Preparing the outside of your home and creating defensible space is important before wildfire season hits. Ways to potentially save your home from a total loss include cleaning out gutters, raking and removing pine needles and dry leaves to a minimum of three to five feet from your home's foundation, sweeping porches and decks, pruning low-hanging tree branches to a height of four feet from the ground, and adding screens to your home's vents to keep embers from entering.

The division's wildfire insurance and disaster preparedness pages have more resources to help people prepare for and recover from disasters. We have resources available in multiple languages. Visit dfr.oregon.gov/preparenow for more information.

DFR consumer advocates can answer insurance questions and manage complaints and DFR's outreach team can provide presentations to communities on how to be disaster ready. Contact DFR at outreach.dfr@dcbs.oregon.gov.



State of Oregon warns investors about cryptocurrencies, NFTs

The Oregon Division of Financial Regulation is warning Oregonians to use caution when investing in cryptocurrencies, nonfungible tokens, or other new or volatile products.

Cryptocurrencies are digital assets that have no government backing. They are typically purchased, used, stored, and traded electronically through digital currency exchanges. They can be traded for goods and services, transferred from one person to another, or held for investment purposes.

A nonfungible token – or NFT – is a unique unit of data that is not interchangeable and is stored on a blockchain. They are often linked to digital works of art, photos, and videos.

There are nearly 10,000 active cryptocurrencies and they and NFTs are increasing in popularity. Regulation of these new asset types is still evolving. While there are often promises of big returns consumers often lose money when investing in them.

In fact, earlier this month, the North American Securities Administrators Association (NASAA) released its annual list of top investor threats, and investments tied to cryptocurrencies and digital assets topped the list.

"Scams promising big returns on cryptocurrencies and NFTs are flooding the Internet," said TK Keen, administrator for the Division of Financial Regulation. "Investors wanting to purchase cryptocurrencies and NFTs should do their homework to make sure they fully understand these investments and their risks before getting involved."

The Division of Financial Regulation encourages Oregonians to follow these tips before deciding to invest in cryptocurrency or NFTs:

- Carefully research these types of investments. Many of these "investment opportunities" are speculative in nature. Before engaging in a transaction, make sure that you understand what you are purchasing, the value of the item purchased, the reason for the valuation, and how easy it is to sell the investment if you want to get out your money.
- Use a digital currency exchange that is licensed with the state to transmit cryptocurrency to someone else. Oregon law requires companies that transfer digital currency from one person to another to be licensed as money transmitters. Digital currency exchange companies that purchase or sell cryptocurrency from their own inventories are not required to be licensed.
- Do not spend money you need. The volatility of the digital currency and NFT markets means that you should not purchase cryptocurrency with money that is needed for essential purposes such as food, housing, and gas.

Consumers who have questions about these unregulated assets can call the division's advocates toll-free at 866-814-9710.

Oregon one of three states in mortgage education course fraud scheme settlement

Oregon is one of three states to reach a settlement agreement with a California-based mortgage education course provider for his role in a multi-state fraud scheme that involved hundreds of mortgage loan originators.

The Oregon Division of Financial Regulation – along with the California Department of Financial Protection and Innovation and Maryland's Office of the Commissioner of Financial Regulation – brought separate administrative actions against Danny Yen and his family for providing false certificates and taking courses on behalf of mortgage loan originators through other educations providers in violation of the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act).

As part of the settlement, the Yen family agreed to a lifetime ban from direct and indirect involvement in businesses that provide mortgage lending-related education. In addition to a $75,000 fine, the Yen family agreed to fully cooperate with the investigations. If the Yens violate any term of the settlement agreement, they will be obligated to pay a $15 million noncompliance penalty.

"This is a good outcome against individuals perpetrating fraud," said TK Keen, division administrator. "We need to be aggressive against this type of conduct, and a lifetime ban sends a strong message that we will not allow this kind of behavior."

Those who took classes from the Yens were fined $1,000 per state they are licensed in and agreed to surrender their licenses for three months. In addition, they must retake all continuing education classes and additional classes beyond state and federal SAFE Act requirements.

Forty-seven people with Oregon licenses were fined; however, not all resided in the state. The division continues to pursue its investigation with regulators from other jurisdictions.

State of Oregon joins lawsuit against perpetrators of precious metals scheme

The Department of Consumer and Business Services (DCBS) has joined the Commodity Futures Trading Commission (CFTC) and 26 other state securities regulators in filing a lawsuit against a precious metals dealer and its owner who defrauded $68 million from at least 450 investors.

In Oregon, 11 investors were defrauded out of almost $3 million. Many Oregon investors liquidated their existing retirement accounts, which contained securities, to obtain funds to purchase the metals.

The lawsuit alleges that Safeguard Metals, LLC and Jeffery Santulan, aka Jeffery Hill, solicited investors by targeting seniors through social media platforms and websites linked to media personalities and financial gurus, also touting precious metals at grossly inflated prices that were not disclosed. A complaint was filed against the defendants in the U.S. District Court for the Central District of California.

The defendants are accused of failing to disclose the markup charge for their precious metals bullion products and that investors could lose the majority of their funds once a transaction was completed. In many cases, the market value of the precious metals sold to investors was substantially lower than the value of the securities and other retirement savings investors had liquidated to fund their purchase.

"We will never stand by and watch Oregonians get defrauded out of their life's savings," said Division of Financial Regulation Administrator TK Keen. "Seniors are often targeted with these types of schemes and we must do everything we can to protect them and their hard-earned money against bad actors."

Officials from the division, which is part of DCBS, remind people to research any investment before giving anyone their money.

"If an investment seems too good to be true, it probably is," Keen said.

The investors in the Safeguard Metals case were advised to liquidate their holdings at registered investment firms to fund investments in precious metals, bullion, and bullion coins through self-directed individual retirement accounts. Self-directed IRAs should not be confused with traditional IRAs or other retirement vehicles. Self-directed accounts are placed with a custodian, but do not afford the investor any protections nor provide a review of the holdings or any valuations of the holdings in the account.

To check the license of someone offering an investment opportunity, go to dfr.oregon.gov.

If you believe that you have been targeted by similar precious metals investment schemes, contact Division of Financial Regulation Chief of Enforcement Dorothy Bean at 503-947-7485 or dorothy.bean@dcbs.oregon.gov.

To see the division's latest enforcement news, visit its quarterly enforcement action newsletter, Taking Action.