

SILA Support

From: ANDERSON Kirsten L * DCBS <Kirsten.L.Anderson@oregon.gov>
Sent: Wednesday, November 27, 2019 7:54 PM
To: SILA Support
Subject: Oregon regulatory update

Today, we are sending out correspondence to our licensed adjusters and consultants to notify them of changes that will take effect on January 1, 2020 as a result of law passed during the most recent Oregon legislative session.

Below is the information we sent out as it affects both adjusters and consultants:

The Oregon Legislature passed [SB 251](#) during the 2019 legislative session that, among other things, cleans up and modernizes the adjuster and consultant licensing language. While it was a long bill, but much of it was to separate out the confusion of adjuster and consultant information cobbled together at the beginning of ORS Chapter 744 so that all adjuster information is in the adjuster section and all consultant information is in the consultant section. That said, there are number of true changes included in the new law:

- I. The definition of adjuster has changed.
- II. Designated home state (DHS) is recognized for licensing purposes.
- III. Business entity adjusters must have a designated responsible licensed person (DRLP) and a licensed affiliate.
- IV. Adjusters and consultants can only renew one year late, not two.
- V. Adjusters must have 24 hours of continuing education (CE) to renew.

The licensing changes take effect on January 1, 2020.

The Definition of Adjuster Has Changed

The definition of adjuster changed from “one who adjusts” to “a person that receives a fee, a commission or other compensation to investigate, negotiate, or settle first party or third party losses that arise as claims under the terms of an insurance contract that insures a domestic risk.” This change will help better clarify when a person needs a license.

Designated Home State Is Recognized for Adjuster Licensing Purposes

Oregon has been recognizing the use of DHS by so-called “desk rule” for some time, but this just formalizes our adoption of the DHS process. With this change, an individual who is a resident in a state that does not license adjusters may designate another state to act as the home state for adjuster licensing purposes. The state designated by the individual then licenses the person following the process it would for any actual resident of the state, requiring items such as a criminal records checks and testing that are usually waived for non-resident licenses. The individual can then use the DHS license as a resident license for purposes of obtaining non-resident licenses in other states. The use of DHS is common among regulators as it streamlines licensing for non-residents who otherwise would have issues since the actual home state doesn’t offer that license type.

Business Entity Adjusters Must Have a Designated Responsible Licensed Person and a Licensed Affiliate

A new requirement for adjuster licenses issued to business entities is that they must have a DRLP. This is a person with an adjuster license that is responsible for ensuring that the company is complying with the regulations. The affiliate is the natural person that the company says is authorized to conduct the licensed activity for the company. Essentially, it's the person who does the actual work since the company cannot do it except through a human being. The DRLP and the affiliate may be the same person. This is already a requirement for producer licensing and is a common requirement among states.

We have updated our affiliation form to accommodate notice for a DRLP. Each business entity with an adjuster license will need to provide us a completed form designating the DRLP for the firm. Beginning on January 1, 2020, we will not renew the adjuster license for a business entity that has not provided us a DRLP.

Late Renewal Period Shortened to One Year for Adjusters and Consultant Licenses

Currently the statutes allow adjusters and insurance consultants to "late" renew their licenses up to two years after the license expires. This means that they can essentially renew their license up through the day the license would have expired if it had been timely renewed.

For instance, Jane Smith has an adjuster license with an expiration date of November 30, 2017. She doesn't renew the license before the expiration date. On November 1, 2019, she applies to renew the license. Assuming the application is complete, she would get a license with an expiration of November 30, 2019 and would have to renew it again right away.

The change reduces the two year late renewal grace period to one year, which is consistent with our producer licenses and ensures that the applicant isn't trying to renew a license that was just renewed. Under the new law, Jane Smith would have only until November 30, 2018 to renew the license that expired on November 30, 2017. Beginning December 1, 2018, she would have to apply for a new license if the license had not been renewed.

All licenses or renewals issued on or before December 31, 2019 will continue to have the full two-year period to late renew. Licenses or renewals issued on or after January 1, 2020 will only have the one-year period to late renew.

Adjusters must have 24 hours of continuing education (CE) to renew

By far, the biggest change our licensees will see from the new law is the new requirement to complete continuing education prior to renewing the individual adjuster license. The new law requires adjusters to have 24 hours of continuing education prior to renewal, including 3 hours of ethics and 3 hours of Oregon law.

The statute gives credit for courses approved in Oregon and taken for another insurance license, such as a producer license. So if Jane Smith holds both an Oregon adjuster license and Oregon resident producer license, she will only have to complete 24 hours of CE to renew both licenses, not 48 hours.

For a non-resident license, they can receive credit for courses taken for another state so long as the course is also approved in Oregon. The education provider can bank the credits for Oregon as well as the other state, again only if the course is approved in both states. Please check to see if the

course is approved in Oregon using the lookup at https://sbs.naic.org/solar-external-lookup/#_ga=2.38310051.1091920671.1574895598-158653359.1528398642. The licensee will still have to take 24 hours of continuing education, even if the home state requires fewer hours. The non-resident licensee will be required to take 3 hours of Oregon Law and 3 hours of ethics.

The new CE requirement applies to any individual who has had the full 24 months to complete the continuing education. As such, the first licenses that this will apply to those are those issued or renewed on or after January 1, 2020. Our staff will be enforcing the education requirement for all licenses that expire on January 31, 2022 or later.