

Speech, Governor Vic Atiyeh
Professional Insurance Agents
11th Annual Conference
Monday, May 23rd

Campaign
cc: *Gerry*
5/27 Betty - copies
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& Ron.
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Thank you for inviting me to keynote your annual convention. It is a pleasure to greet you as you begin three days of activity designed to keep you better informed, better able to meet the many needs of your diverse clients, and better educated as professionals through the information you discuss and exchange.

The theme of your convention is "Future Involvement." That describes in a nutshell what you will focus on during the working hours of your Convention, and it describes a major theme of my 3 ½ years as Governor of Oregon.

It was Oregon's preparation for the future that has enabled us to weather severe federal budget cuts without endangering our delivery of services. Many of our neighboring states are not so fortunate.

In our welfare reforms, for example. If Oregon had not taken steps on its own during my administration to reform its welfare system, the changes at the federal level which took effect last October would have had a tremendous impact in both clients and dollars.

Those changes removed an estimated 8,800 persons from Oregon's welfare rolls----but the number would have been 45,000 higher if Oregon had not already enacted its own reforms.

Similarly, if we had not gradually cut expenditures in welfare over the last two years, the dollar reduction on October 1 would have been \$300 million. As it is the reduction amounted to \$36 million.

Thus, welfare reform in Oregon is an example of future involvement^{//} of basic prudence to lessen the harmful effects of change, and enhance the effect of helpful change. And that's exactly what you are interested in in your own profession.

Another example is the reforms we have made in the State of Oregon's regulation of the insurance industry.

Workers' Compensation insurance reform has been one of our major goals----and it's a goal we have been achieving with flying colors.

As you know, Workers' Compensation rates in Oregon were some of the highest in the nation. This represented a tremendous disincentive to the industries we are trying so hard to attract in order to diversify our economic base.

That's why Workers' Compensation has been a special focus of my term as Governor. My Task Force on Workers' Compensation proposed major legislation, most of which was enacted at the last session of the legislature.

That legislation accomplished two major goals: it made striking improvements in the quality of benefits provided to injured workers in Oregon, and at the same time saved Oregon employers millions of dollars through opening the insurance area to marketplace competition.

We have saved Oregon employers more than \$80 million per year. Workers' compensation premium rates have in fact decreased by 16% since January, 1979.

Other reforms proposed by my Task Force on Workers' Compensation are expected to decrease insurance another 5%, for a savings of about \$22 million annually, prior to any assessment revisions of the Workers' Compensation Department.

You represent a very special audience to hear these figures. I am passing them on to you because I want you to know how much those savings mean to Oregon.

As independent insurance agents, you each probably know very well the sacrifices your industry has made to help realize these savings. Additional competition and the lowering of premium volume, together with rate reductions, have put pressure on your industry-----pressure some agencies have not been able to survive.

Our Insurance Commissioner has 13 receiverships ongoing right now----though the vast majority are not, thankfully, Oregon-based firms.

The economic health of your industry, however, is of great concern to us. I don't want to see a pattern of companies continually offsetting losses with investment monies. The solvency of your insurance business is of the utmost importance.

That's why---over and above reform efforts in areas such as Workers' Compensation---we are also looking at your industry from the other side of the fence. The insurance commissioner is specifically looking at the question of rate adequacy. And this is really a consumer as well as an industry issue: we have to guard against undercutting where that undercutting raises questions about a given insurance plan as a whole. The plan must be supportable by the rates, or the consumer---not just the competition---is jeopardized.

In the legislative arena. I have, as you know, worked diligently to streamline Oregon government, increase effectiveness while reducing cost wherever possible, and put our state on a solid fiscal basis using sound business principles. The insurance industry is no exception.

We have already updated some statutes and procedures

to eliminate red tape. We intend to continue this effort. We are looking at an update of the licensing laws, and we are closely monitoring SAIF.

SAIF, as you know, is organizing a subsidiary with the Attorney General's and my approval. This subsidiary will be competing in the marketplace.

I can assure you as Governor that we will be monitoring SAIF closely to make sure that it doesn't exceed a fair share of that marketplace. Acquiring a fair share means engaging in fair competition. We will be watching scrupulously to guard against monopoly and any tendency towards it. That's a promise.

The area of continuing education has my strong support. Continuing education rules uphold a solid level of professionalism in the industry, and improve service to consumers. There are some small inequities we can resolve, however. For example, insurance agents who fail to meet continuing education requirements currently face revocation. For a new start elsewhere, a better way to go may be expiration. This change can help remove any perceived stigma for an agent seeking a new start. We'll explore this idea at the next regular session of the legislature.

I've cited some examples from our efforts of the past; and I've discussed some of the ideas we want to explore for the future. Our efforts in your industry depend---as do our efforts in many other industries----- on the ideas, criticism, and cooperation of each of you.

The kind of cooperation I speak of is the sort we are seeing already in my Economic Recovery Program. There, we have gathered top-notch assistance from Oregon industry to accomplish both diversification for our timber-dependent economy, and the creation of many more jobs to ease Oregon's unacceptable levels of unemployment. Economic development means diversification and jobs; jobs mean economic recovery for our state and our businesses. That is "future involvement."

My economic recovery program has five tasks to accomplish both short- and long-term results:

1. Existing industries. We are building specific incentives for Oregon industries to expand and grow. As small businessmen, you should also be aware of the work of my Governor's Conference on Small Business, and the Small Business Advisory Committee to the Economic Development Commission.
2. New Industries. We are putting methods to work designed to bring additional new and clean industry to Oregon. And we are developing a strong "Market Oregon" plan with \$250,000 set aside in the Emergency Board.
3. Oregon Business Environment. We are identifying and listing

the constraints to attracting industry to Oregon---and we are making further recommendations for our tax base. As our experience with Workers' Compensation demonstrates, high insurance and tax rates can be significant deterrents to attracting new business.

4. Tourism. One of Oregon's major industries, it continues to be a bright spot in our economy. We will intensify our efforts. The Legislature at my urging has restored the spending cuts for tourism promotion. Washington State is already setting an aggressive example for our region: \$4.5 million in promotion aimed at created 30,000 new jobs and \$50 million in additional tax revenue. That's a good example of what the future can hold for Oregon

5. Education. We intend to revitalize our training, engineering, and high-technology education programs through the Educational Coordinating Commission to attract and keep new and existing high-tech industry, and to provide a ready source of trained workers for the jobs and opportunities that these industries present.

That is a thumbnail description of our economic development efforts. We believe strongly that these measures, together with my consistently strong stand as Governor on economic development, can help Oregon take a share of command over its own economic destiny.

(CONCLUSION)

I hope I have brought you up to date on insurance matters, and on the pressing business still to be done in Oregon to get our people back to work and our economy moving again.

I want to thank you for ^{the} cooperation your industry has shown in helping our Workers' Compensation reforms succeed.

And make no mistake: we still need your knowledge, your cooperation, and your support. Over the three days of your convention, you will be discussing the professional developments affecting the future of your industry.

I want to assure you that we welcome your enthusiastic involvement in the future of Oregon as well.

Thank you very much.

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