

**Enrolled**  
**House Bill 3091**

Sponsored by Representative BROWN

CHAPTER .....

AN ACT

Relating to title insurance; creating new provisions; and amending ORS 708A.120, 715.075, 716.594 and 744.061.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 708A.120 is amended to read:

708A.120. (1) An institution shall not invest any of its assets in the capital stock of any other corporation, except:

- (a) In the capital stock of the Federal Reserve Bank.
- (b) In stock acquired or purchased to save a loss on a preexisting debt. The stock shall be sold within two years of the date acquired or purchased. The Director of the Department of Consumer and Business Services may extend the time if the director finds that an extension will not be detrimental to the public interest and will not contravene any other law.
- (c) In the capital stock of any safe deposit company doing an exclusive safe deposit business on premises owned or leased by the institution upon 30 days' advance notice to the director subject to the same limitations applicable to a national bank.
- (d) In the capital stock of agricultural and livestock finance companies, subject to the same limitations applicable to national banks and to the approval of the director.
- (e) In the capital stock, eligible for purchase by national banks, of small business investment companies, but the aggregate investment in the stock shall not exceed two percent of the capital of the institution.
- (f) In the common stock of any federally chartered corporation that is chartered for the purpose of providing secondary markets for the sale of mortgages by institutions.
- (g) In the stock of the Federal Home Loan Bank.
- (h) In the capital stock of a corporation exclusively engaged in a trust business or a banker's bank, subject to the same limitations applicable to national banks.
- (i) In the capital stock of bank service corporations as provided in ORS 708A.130 to 708A.145.
- (j) In the capital stock of a community development corporation as provided in ORS 708A.150.
- (k) If a trust company is not engaged in a banking business and if the investment is first approved by the director, the trust company may invest an amount not to exceed 20 percent of the capital of the trust company:
  - (A) In the capital stock of a subsidiary investment company defined in the Investment Company Act of 1940, as amended; or
  - (B) In a company one of the purposes of which is to act as a federal covered investment adviser or a state investment adviser, as defined in ORS 59.015, with all the powers customarily exercised by a federal covered investment adviser or a state investment adviser.

(L) In adjustable rate preferred stock of the Student Loan Marketing Association established in 20 U.S.C. 1087-2, but the aggregate investment in the stock shall not exceed 15 percent of the capital of the institution.

(m) In the capital stock of a company acquired for the purpose of strengthening the institution's capital structure or the elimination of undesirable assets as provided in ORS 708A.125.

(n) In the capital stock of banks and corporations engaged in international or foreign banking or foreign banking in a dependency or insular possession of the United States, as provided in ORS 708A.155.

(o) In the capital stock of a corporation created to establish ATMs as provided in ORS 708A.160.

(2) An institution may invest its assets in shares of any mutual fund, the assets of which are invested solely in obligations of the type described in and limited under ORS 708A.115.

(3) An institution may, subject to the approval of the director, acquire or continue to hold the fully paid stock of a corporation, one of the purposes of which is to assist the institution in handling real estate, claims, judgments or other assets or in holding title to the assets.

(4) An institution may acquire or continue to hold the fully paid stock of a corporation the purpose of which is to permit the institution to engage in any business in which a financial holding company, a bank holding company or a nonbank subsidiary of a financial holding company or a bank holding company is authorized to engage. This subsection does not apply unless the institution is the owner of at least 80 percent of the common stock of the subsidiary corporation, except qualifying shares of directors.

(5) An institution may, subject to the approval of the director and to rules promulgated by the director, acquire and continue to hold at least 80 percent of the fully paid stock of a corporation engaged in any business in which an institution is authorized to engage. Except as otherwise permitted by statute or rule, the investment limitations applicable to the institution apply to the subsidiary.

(6) An institution may, subject to the approval of the director and under rules promulgated by the director, acquire and continue to hold all the fully paid stock of a subsidiary corporation engaged in the business of purchasing the stock of the institution for purposes of holding that stock and making a market for that stock, if not more than 20 percent of the net profit of the banking institution is disbursed to the subsidiary in any one fiscal year. Except as otherwise permitted by statute or rule, the investment limitations applicable to the institution apply to the subsidiary. Acquisitions under this subsection shall not exceed 15 percent of the capital of the institution.

(7) An institution may acquire and hold all or part of the stock of a corporation that is or may thereafter be licensed as an insurance producer as required by ORS 744.053 to transact one or more of the classes of insurance described in ORS 744.062, [except for title insurance,] subject to the following requirements:

(a) The acquisition and holding of such stock shall be subject to the approval of the director. The director shall base consideration for approval on the condition of the institution, the adequacy of a formal business plan for the insurance activities, and the existence of satisfactory management for the corporation.

(b) The director may revoke or restrict the ongoing authority of the institution to hold stock in the corporation if the condition of the institution substantially deteriorates or if the insurance activities are adversely affecting the institution.

(c) For each calendar year during which an institution owns all or part of any corporation licensed as an insurance producer as required by ORS 744.053, the institution shall file a written report with the director. The report shall be filed no later than March 31 of the following year and shall disclose the insurance activities of the corporation. The required contents of the report shall be established by the director by rule. The reports filed with the director under this paragraph shall be available for public inspection in the office of the director.

(d) The corporation shall not in any manner use customer information obtained by the institution from another insurance producer to promote, develop or solicit insurance business for the corporation unless the other insurance producer consents to such use of the customer information.

(e) The corporation shall be subject to the limitations applicable to depository institutions under ORS 746.213 to 746.219. For the purpose of this paragraph, “depository institution” has the meaning given that term in ORS 746.213.

(8) An institution may invest up to 15 percent of its capital in the stock of the Oregon Capital Corporation authorized to be created under ORS 284.750 to 284.795, 315.504, 317.084, 317.267 and 318.031.

**SECTION 2.** ORS 715.075 is amended to read:

715.075. A financial holding company or a bank holding company may acquire and hold all or part of the stock of a corporation that is or may thereafter be licensed as an insurance producer as required by ORS 744.053 to transact one or more of the classes of insurance described in ORS 744.062 [except for title insurance], subject to the following requirements:

(1) The acquisition and holding of such stock shall be subject to the approval of the Director of the Department of Consumer and Business Services. The director shall base consideration for approval on the condition of the financial holding company or the bank holding company, the adequacy of a formal business plan for the insurance activities and the existence of satisfactory management for the corporation.

(2) The director may revoke or restrict the ongoing authority of the financial holding company or the bank holding company to hold stock in the corporation if the condition of the financial holding company or the bank holding company or of any bank owned by it substantially deteriorates or if the insurance activities are adversely affecting the financial holding company or the bank holding company or any bank owned by it.

(3) For each calendar year during which a financial holding company or a bank holding company owns all or part of any corporation licensed as an insurance producer as required by ORS 744.053, the financial holding company or the bank holding company shall file a written report with the director. The report shall be filed no later than March 31 of the following year and shall disclose the insurance activities of the corporation. The required contents of the report shall be established by the director by rule. The reports filed with the director under this subsection shall be available for public inspection in the office of the director.

(4) The corporation shall not in any manner use customer information obtained by the institution from another insurance producer to promote, develop or solicit insurance business for the corporation unless the other insurance producer consents to such use of the customer information.

(5) The corporation shall be subject to the limitations applicable to depository institutions under ORS 746.213 to 746.219. For the purpose of this subsection, “depository institution” has the meaning given that term in ORS 746.213.

**SECTION 3.** ORS 716.594 is amended to read:

716.594. An Oregon savings bank may acquire and hold all or part of the stock of a corporation that is or may thereafter be licensed as an insurance producer as required by ORS 744.053 to transact one or more of the classes of insurance described in ORS 744.062 [except for title insurance], subject to the following requirements:

(1) The acquisition and holding of such stock shall be subject to the approval of the Director of the Department of Consumer and Business Services. The director shall base consideration for approval on the condition of the Oregon savings bank, the adequacy of a formal business plan for the insurance activities and the existence of satisfactory management for the corporation.

(2) The director may revoke or restrict the ongoing authority of the Oregon savings bank to hold stock in the corporation if the condition of the Oregon savings bank substantially deteriorates or if the insurance activities are adversely affecting the Oregon savings bank.

(3) For each calendar year during which an Oregon savings bank owns all or part of any corporation licensed as an insurance producer as required by ORS 744.053, the Oregon savings bank shall file a written report with the director. The report shall be filed no later than March 31 of the following year and shall disclose the insurance activities of the corporation. The required contents of the report shall be established by the director by rule. The reports filed with the director under this subsection shall be available for public inspection in the office of the director.

(4) The corporation shall not in any manner use customer information obtained by the Oregon savings bank from another insurance producer to promote, develop or solicit insurance business for the corporation unless the other insurance producer consents to such use of the customer information.

(5) The corporation shall be subject to the limitations applicable to depository institutions under ORS 746.213 to 746.219. For the purpose of this subsection, "depository institution" has the meaning given that term in ORS 746.213.

**SECTION 4. The amendments to ORS 708A.120, 715.075 and 716.594 by sections 1, 2 and 3 of this 2005 Act apply to the acquisition and holding of stock by institutions, financial holding companies, bank holding companies and Oregon savings banks on or after the effective date of this 2005 Act.**

**SECTION 5.** ORS 744.061 is amended to read:

744.061. (1) [Nothing in] The Insurance Code [shall be construed to] **does not** limit or prohibit the licensing of a banking institution, as defined in ORS 706.008, [a corporation owned in whole or part by a banking institution under ORS 708A.120, 716.588 or 716.594, or a corporation owned in whole or part by a financial holding company or a bank holding company, as defined in ORS 706.008,] as an insurance producer to transact one or more of the classes of insurance described in ORS 744.062, except for title insurance.

(2) **The Insurance Code does not limit or prohibit the licensing, as an insurance producer to transact one or more of the classes of insurance described in ORS 744.062, of any of the following:**

(a) **A corporation owned in whole or in part by a banking institution under ORS 708A.120, 716.588 or 716.594.**

(b) **A corporation owned in whole or in part by a financial holding company or a bank holding company, as defined in ORS 706.008.**

**SECTION 6. The amendments to ORS 744.061 by section 5 of this 2005 Act apply to the licensing of corporations owned by banking institutions, financial holding companies or bank holding companies as insurance producers on or after the effective date of this 2005 Act.**

Passed by House April 28, 2005

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Chief Clerk of House

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Speaker of House

Passed by Senate May 23, 2005

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President of Senate

Received by Governor:

.....M.,....., 2005

Approved:

.....M.,....., 2005

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Governor

Filed in Office of Secretary of State:

.....M.,....., 2005

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Secretary of State