# Chapter 742

## 1957 REPLACEMENT PART

# Hospital Care Associations


**742.010 Who is doing hospital association business**
**742.020 Compliance with chapter is prerequisite to doing business**
**742.030 Exempt organizations; compensation for securing new members prohibited**
**742.040 Issuance of certificate; fees**
**742.045 Filing of rating schedules and forms of contracts or agreements**
**742.050 Paid-up capital required; investment; deposit of security**
**742.055 Impairment of capital**
**742.060 Licensing of agents**
**742.070 Insurers subject to examination; reports required**
**742.080 Revocation of certificates**


## CROSS REFERENCES

Administrative procedures governing state agencies, 183.310 to 183.510
Attorney's fees in action on hospital association contract, 20.095
Certain insurers exempt from general insurance laws, 736.015
Funeral plans not governed by this chapter as trusts, 128.410
Hospital liens, 87.555
Political contributions, 260.280
Provisions governing hospital association contracts for medical care of employes, Ch. 655

**742.010 Who is doing hospital association business.** The following are declared to be doing a hospital association business and are subject to this chapter: Any corporation, association, society, firm, partnership or individual contracting or agreeing in this state with individuals, families, employes, associations, societies or with employers for the benefit of employes for the furnishing of medicine, medical or surgical treatment, nursing, hospital service, ambulance service, dental service or any or all of the enumerated services or any other necessary services, contingent upon sickness or accident; or any corporation making such contracts or agreements outside of this state to be wholly, or in part, performed within this state. [Amended by 1953 c.718 §3]

**742.020 Compliance with chapter is prerequisite to doing business.** Corporations organized under the general laws of this state may transact a hospital association business upon compliance with this chapter.

**742.030 Exempt organizations; compensation for securing new members prohibited.** (1) This chapter does not apply to organizations working under the lodge system and having ritualistic work in their lodges, or grade school, high school or college associations; or associations of employes of any concern, municipality or any bureau or department of any governmental organization, or members of charitable, fraternal or religious societies, where such persons are associated together under an agreement, articles of association or incorporation for the purpose of providing benefits among themselves for accidents or illness or the payment of funeral or death benefits not in excess of $300 to any one person, or a physician or surgeon residing and practicing in this state and contracting with such employes or employers or persons to supply only such professional, medical or hospital services and supplies as accidents or illness sustained by them may require, no policy or certificate of insurance being issued to such persons.

(2) No person, organization or association which is exempt under this section shall give or allow or promise to give or allow to any person any compensation for procuring new members.

**742.040 Issuance of certificate; fees.** (1) No insurer shall transact a hospital association business within this state without having a certificate from the State Insurance Commissioner authorizing the transaction of such business.

(2) Upon due compliance with this chapter by any corporation, association, society, firm, partnership or individual engaged in, or proposing to engage in, the hospital association business, and upon payment of a fee of $25, the commissioner shall issue a certificate authorizing any such insurer to transact business under this chapter.

(3) The fee shall be paid to the commissioner before issuance of the certificate, and annually thereafter on or before April 1 of each year for the year ending March 31.

**742.045 Filing of rating schedules and forms of contracts or agreements.** Each corporation, association, society, firm, partnership or individual, before receiving a certificate or a renewal thereof, shall file in the office of the State Insurance Commissioner rating schedules and contract or agreement forms to be used in the transaction of business. [1953 c.605 §3]

**742.050 Paid-up capital required; investment; deposit of security.** (1) Before being authorized to transact a hospital association business, the corporation, association, society, firm, partnership or individual shall have a paid-up capital of $25,000 which shall be invested in the same manner as by law prescribed for the investment of the capital of domestic insurance companies.

(2) In addition to the capital the corporation, association, society, firm, partnership or individual transacting a hospital association business shall file a surety bond or such other bond or securities in the sum of $50,000 as are acceptable and approved by the commissioner as a guarantee of the due execution of the contracts to be entered into by such corporation, association, society, firm, partnership or individual, in accordance with this chapter.

(3) No corporation, association, society, firm, partnership or individual having an unrevoked certificate of authority received before April 27, 1955, or having continuously operated a hospital association as defined in ORS 742.010 for a period of 18 years prior to and including December 31, 1956, is authorized to transact a hospital association business unless it maintains at all times a paid-up capital of not less than $5,000 and has on file with the insurance commissioner a surety bond or such other bond or securities in the sum of $10,000 as are acceptable and approved by the commissioner as a guarantee

for the due execution of the contracts to be entered into by such corporation, association, society, firm, partnership or individual. [Amended by 1955 c.372 §1; 1957 c.4 §1]

**742.055 Impairment of capital.** (1) Whenever the commissioner finds from any showing or statement made to him or from any examination made by him or his deputy or examiner that the capital of any corporation, association, society, firm, partnership or individual doing a hospital association business is impaired or that its assets are insufficient to justify its continuance in business, he shall at once determine the amount of such impairment or deficiency and thereupon issue his written notice and requisition to such persons. This shall direct such persons to make good the amount of the impairment or deficiency with cash or investments authorized by the General Insurance Law within 60 days from the service of the notice and requisition.

(2) If the amount of any such impairment or deficiency is not made good within the time specified in such notice and requisition and proof thereof filed in the office of the commissioner, the corporation, association, society, firm, partnership or individual shall be deemed insolvent and shall be proceeded against in the manner authorized by ORS 742.080. [1955 c.236 §1]

**742.060 Licensing of agents.** The agents of such hospital associations shall be licensed in the same manner and pay the same fees for authority to act as agents, and shall have the same right of appeal from revocation of their license as prescribed by the laws relating to life insurance companies authorized to transact business in this state.

**742.070 Insurers subject to examination; reports required.** Corporations, associations, societies, firms, partnerships or individuals engaged in the hospital association business are subject to examination by the State Insurance Commissioner as insurance companies, and shall file an annual report and such other reports as the commissioner requires, upon blanks to be furnished by him for that purpose. [Amended by 1955 c.372 §2]

**742.080 Revocation of certificates.** (1) A certificate issued under ORS 742.040 may, on 30 days notice, be revoked if the State Insurance Commissioner finds the condition of the corporation, association, society, firm, partnership or individual is unsound or a satisfactory surplus of admitted assets over contract or agreement liabilities is not being maintained.

(2) At any time within 30 days following receipt of notice of revocation, such corporation, association, society, firm, partnership or individual may petition the Circuit Court of the State of Oregon for Marion County to review the order of revocation; and that court shall summarily hear and determine the question whether the ground for the revocation existed. The court, upon such hearing and determination, shall make and enter such order or decree as may be proper in the premises. If the corporation, association, society, firm, partnership or individual files such petition within the 30 days, the operation of the order of revocation shall be suspended until the determination of the cause by the circuit court. If no petition is filed within the 30 days, the order of the commissioner shall become effective immediately upon the expiration of the 30 days. The order or decree of the circuit court shall be appealable to the Supreme Court in the same manner as other appeals in suits in equity. [1953 c.605 §3]

**CERTIFICATE OF LEGISLATIVE COUNSEL**

Pursuant to ORS 173.170, I, Sam R. Haley, Legislative Counsel, do hereby certify that I have compared each section printed in this chapter with the original section in the enrolled bill, and that the sections in this chapter are correct copies of the enrolled sections, with the exception of the changes in form permitted by ORS 173.160 and other changes specifically authorized by law.

Done at Salem, Oregon,
on December 2, 1957.

Sam R. Haley
Legislative Counsel

## CHAPTER 743

**[Reserved for expansion]**