

# TITLE 52A

## INSURANCE AND FINANCE ADMINISTRATION

Chapter 705 Department of Insurance and Finance, Financial Institutions Generally

### Chapter 705

#### 1987 REPLACEMENT PART

### Department of Insurance and Finance; Financial Institutions Generally

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#### CROSS REFERENCES

- Administrative procedures and rules of state agencies, 183 310 to 183 550
- Bank Act, Chs 706 to 716
- Banking institutions, Ch 706
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- Pawnbrokers Act, Ch 726
- Savings Association Act, Ch 722
- Savings banks, Ch 716
- Stock savings banks, Ch 716
- Trust companies, Ch 706, 709



705 005 [1985 c 762 §2, repealed by 1987 c 373 §85]

## ADMINISTRATION

### (Generally)

**705.010 Definitions for ORS 705.010 to 705.350 and 705.610.** As used in ORS 705 010 to 705 350 and 705 610

(1) "Board" means the Workers' Compensation Board

(2) "Department" means the Department of Insurance and Finance

(3) "Director" means the director of the department [1987 c 373 §1]

705 100 [1985 c 762 §3, repealed by 1987 c 373 §85]

**705.105 Department of Insurance and Finance; director; qualifications; confirmation; designation as Insurance Commissioner; bond; seal.** (1) The Department of Insurance and Finance is created

(2) The department shall be under the supervision and control of a director who shall be responsible for the functions of the department

(3) Subject to confirmation by the Senate in the manner provided in ORS 171 562 and 171 565, the Governor shall appoint the director, who shall hold office at the pleasure of the Governor. The person appointed as director shall be well qualified by training and experience to perform the functions of the office

(4) The director shall receive such salary as is provided by law or, if not so provided, as is fixed by the Governor

(5) With respect to the duties, functions and powers imposed upon the director under the insurance and workers' compensation laws, the director may be designated by the title of Insurance Commissioner

(6) Before entering upon the functions of office, the director shall give to the state a fidelity bond with one or more corporate sureties authorized to do business in this state in the penal sum fixed by the Governor

(7) The department shall have an official seal. Any certificate or other document or paper executed by the department pursuant to its authority and sealed with its seal, and all copies of papers certified by it and authenticated by the seal, shall in all cases be evidence equally and in like manner as the original and shall have the same force and effect as would the original in any suit or proceeding in any court in this state [1987 c 373 §2]

705 110 [1985 c 762 §4, repealed by 1987 c 373 §85]

**705.115 Department organization.** (1) The director, with the approval of the Governor, shall organize and reorganize the department in the manner the director considers necessary to conduct the work of the department properly

(2) The functions of the department may be divided into administrative divisions or staff offices. Each division or office shall be under the supervision of a person appointed by the director, with the approval of the Governor. The appointee shall serve at the pleasure of the director, not be subject to the State Personnel Relations Law and be well qualified by technical training and experience in the functions the appointee is to perform [1987 c 373 §4]

705 120 [1985 c 762 §5, repealed by 1987 c 373 §85]

**705.125 Deputy director; subordinate officers and personnel.** (1) With the approval of the Governor, the director may appoint a deputy director who shall serve at the pleasure of the director, not be subject to the State Personnel Relations Law and have full authority to act for the director, subject to the control of the director. The appointment of the deputy director shall be by written order filed with the Secretary of State

(2) Except as provided in ORS 705 115 and subsection (1) of this section, the director, subject to applicable provisions of the State Personnel Relations Law, shall appoint all subordinate officers and employes of the department, prescribe their functions and fix their compensation [1987 c 373 §5]

705 130 [1985 c 762 §6, repealed by 1987 c 373 §85]

**705.135 Delegation; rules; employe indebtedness; reporting.** (1) The director may delegate any duties, powers and functions within the department, under such conditions as the director deems appropriate

(2) In accordance with ORS 183 310 to 183 550, and in addition to other rulemaking authority prescribed by law, the director may adopt rules for the purpose of carrying out the functions of the department

(3) The director shall adopt rules governing circumstances under which employes or any category of employes of the department may or may not be or become indebted to or hold any interest in any entity subject to regulation by the department. The rules shall provide for reporting any such indebtedness or interest and for preventing or resolving possible conflicts of interest arising therefrom [1987 c 373 §6]

Note Section 62b, chapter 884, Oregon Laws 1987, provides

**Sec 62b** Notwithstanding any other provisions of law, if the functions of the Workers' Compensation Department are assigned to a new division of the Department of Insurance and Finance, the administrative head of the newly established division of Workers' Compensation shall be recommended by the Director of the Department of Insurance and Finance and appointed by the Governor and shall be subject to Senate confirmation under ORS 171 562 and 171 565 [1987 c 884 §62b]

**Note** Section 62b, chapter 884, Oregon Laws 1987, was enacted into law by the Legislative Assembly and was added to and made a part of 656 001 to 656 704 but was not added to or made a part of ORS chapter 705 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

705 140 [1985 c 762 §6a, repealed by 1987 c 373 §85]

### (Financial Provisions)

**705.145 Insurance and Finance Fund; sources; uses; revolving account.** (1) There is created in the State Treasury a fund to be known as the Insurance and Finance Fund, separate from the General Fund. All moneys collected or received by the department shall be paid into the State Treasury and credited to the Insurance and Finance Fund. Moneys in the fund may be invested in the same manner as other state moneys and any interest earned shall be credited to the fund.

(2) The department shall keep a record of all moneys deposited in the Insurance and Finance Fund which shall indicate, by separate account, the source from which the moneys are derived, the interest earned and the activity or program against which any withdrawal is charged.

(3) Should moneys credited to any one account be withdrawn, transferred or otherwise used for purposes other than the program or activity for which the account is established, interest shall accrue on the amount withdrawn from the date of withdrawal and until such funds are restored.

(4) Moneys in the fund shall provide and are appropriated for the administrative expenses of the department and for its expenses in carrying out its functions and duties under ORS chapters 654, 656, 697, 706 to 717, 722 to 726, 731 to 751, and under any other provision of law.

(5) It is the intention of the Legislative Assembly that the performance of the various duties and functions of the department in connection with each of its programs shall be financed by the fees, assessments and charges established and collected in connection with those programs.

(6) There is created by transfer from the Insurance and Finance Fund a revolving admin-

istrative account in the amount of \$100,000. The revolving account shall be disbursed by checks or orders issued by the director or the board and drawn upon the State Treasury, to carry on the duties and functions of the department and the board. All checks or orders paid from the revolving account shall be reimbursed by a warrant drawn in favor of the department charged against the Insurance and Finance Fund and recorded in the appropriate subsidiary record.

(7) For the purposes of ORS chapter 656, the revolving account created pursuant to subsection (6) of this section may also be used to

(a) Pay compensation benefits, and

(b) Refund to employers amounts paid to the Insurance and Finance Fund in excess of the amounts required by ORS 656 001 to 656 794 [1987 c 373 §17]

705.150 [1985 c 762 §7, repealed by 1987 c 373 §85]

**705.155 Petty cash funds.** The director and the board may in their discretion establish and maintain petty cash funds for the purpose of making change and paying other petty incidental expenses in the administration of the functions of the department and the board [1987 c 373 §19]

705 160 [1985 c 762 §8, repealed by 1987 c 373 §85]

**705.165 Disposition of moneys accruing from department enforcement of securities and franchise laws.** The net amount accruing to the Department of Insurance and Finance from all fees, charges, interest, fines, penalties and miscellaneous revenues from all sources under ORS chapter 59 and ORS 650 005 to 650 085 shall, after deduction of refunds, be paid over to the State Treasurer and deposited in the General Fund at least monthly and become available for general governmental expenses [1987 c 414 §143]

**Note** Section 141, chapter 414, Oregon Laws 1987, provides

**Sec 141** (1) Until July 1, 1989, the Director of the Department of Insurance and Finance shall collect the following surcharges on fees specified in this subsection:

(a) The director shall collect a surcharge of \$5 on fees for renewing registrations of securities salespersons.

(b) The director shall collect a surcharge of \$10 on fees for service of process, notice or demand on the director as agent of any person described in ORS 59 155 or 650 070.

(c) The director shall collect a surcharge of \$4 on fees for certificates and for certifying copies of documents, records and papers of the Department of Insurance and Finance regarding its duties, functions and powers under ORS chapter 59 and ORS 650 005 to 650 085.

(2) Notwithstanding section 143 of this Act [ORS 705 165], all surcharges collected by the director under this

section shall be paid into the State Treasury and deposited into the General Fund to the credit of the Insurance and Finance Fund

(3) The surcharges collected under this section shall be used for providing and enhancing automation of the securities regulation functions of the Department of Insurance and Finance and otherwise providing securities program services [1987 c 414 §14]

**705 170** [1985 c 762 §9, repealed by 1987 c 373 §85]

**705 180** [1985 c 762 §10, 10a, repealed by 1987 c 373 §85]

**705 190** [1985 c 762 §13, repealed by 1987 c 373 §85]

**705 200** [1985 c 762 §12, repealed by 1987 c 373 §85]

**705 210** [1985 c 762 §13a, repealed by 1987 c 373 §85]

**705 220** [1985 c 762 §13b repealed by 1987 c 373 §85]

**705 230** [1985 c 762 §14 repealed by 1987 c 373 §85]

**705 240** [1985 c 762 §15, repealed by 1987 c 373 §85]

## SECURITIES AND FRANCHISE LAWS; ADMINISTRATIVE PROVISIONS

**705.300 Duties of director regarding securities and franchises.** The director shall keep books, as records of office, showing all acts, matters and things done by the director under ORS chapter 59 and ORS 650 005 to 650 085 [1987 c 414 §71]

**705.310 Evidentiary effect of certain records regarding securities and franchises; fees.** (1) Copies of all records and papers of the department relating to duties, functions and powers of the director and the department under ORS chapter 59 and ORS 650 005 to 650 085, certified by the director, shall be received in evidence in all cases equally and with like effect as the original

(2) The department shall collect a fee as set by rule for making copies of any document filed in the department and relating to the duties, functions and powers of the director under ORS chapter 59 and ORS 650 005 to 650 085 For certifying the document it shall collect, in addition, a fee of \$2 [1987 c 414 §72]

### **705.320 Certified documents; effect.**

When certified by the director, all certificates issued by the director and all copies of documents filed in the department that relate to the duties, functions and powers of the director under ORS chapter 59 and ORS 650 005 to 650 085 shall be taken and received in all courts, public offices and official bodies of this state as prima facie evidence of the facts stated in the certificates or documents A certificate by the director as to the compliance or noncompliance of the document with provisions of ORS chapter 59 or ORS

650 005 to 650 085, or as to the existence or nonexistence of the facts relating to the matters contained in the documents that would appear from the presence or absence of documents filed in the department, shall be taken and received in all courts, public offices and official bodies of this state as prima facie evidence of the existence or nonexistence of the facts stated in the certificates or documents [1987 c 414 §75]

**705.330 Withdrawal of certain documents; review; effect.** (1) Within one year after a filing under ORS chapter 59 or ORS 650 005 to 650 085, the director may withdraw from filing any document filed by the director when the person who submitted the document advises the department that the document was submitted prematurely or by inadvertence or mistake The person requesting the withdrawal shall accompany the request with a written statement reflecting the basis of the person's authority to initiate the withdrawal

(2) The director may withdraw without notice or hearing a certificate that the director has issued or a document that the director has filed under ORS chapter 59 or ORS 650 005 to 650 085 when the fee was paid with a check that was returned to the department for lack of sufficient funds Such withdrawal shall be retroactive to the date of filing

(3) Any decision under this section may be reviewed in accordance with the provisions of ORS 183 310 to 183 550

(4) A withdrawal from filing of a document under this section is retroactive to the date of the filing but shall not relieve a person of any liability the person may have incurred while the document was filed with the department The director is not required to refund any fees paid in conjunction with the document withdrawn [1987 c 414 §73]

**705.340 Access to director's and department records regarding securities and franchises.** (1) The director by rule shall adopt a schedule establishing priority of access among members of the general public, governmental agencies and other persons to records of the director and the department relating to the duties and functions and powers under ORS chapter 59 and ORS 650 005 to 650 085 for use at times that the director finds that demands for access to the records and to the time and resources of the director and the department cannot be satisfied readily

(2) The director shall not be responsible for the accuracy of information contained in the records and provided under this section or ORS 192 410 to 192 505 [1987 c 414 §74]

**705.350 Fees for certain documents; rules.** Notwithstanding ORS 192 410 to 192 505, the director shall establish by rule reasonable fees for the following that relate to the duties, functions and powers of the director under ORS chapter 59 and ORS 650 005 to 650 085

(1) Computer generated lists on paper and electronic data processing media,

(2) Terminal access to the files of the department,

(3) Microfilm records of the files of the department, and

(4) Copies of the programs and files on paper or electronic data processing media [1987 c 414 §76]

## FINANCIAL INSTITUTIONS

### (Foreign and Extranational Banks)

**705.500 Authorized activities of foreign or extranational banking corporation; filing and license fees.** (1) Subject to subsection (2) of this section, any foreign or extranational banking corporation or foreign association described in subsection (6) of this section, without being authorized to transact business in this state, may take, acquire, hold and enforce notes secured by real estate mortgages or trust deeds and make commitments to purchase such notes. The foreign or extranational banking corporation or foreign association may foreclose the mortgages and trust deeds in the courts of this state, acquire the mortgaged property, hold, own and operate the property for a period not exceeding five years and dispose of the property. The activities authorized under this subsection by such a foreign or extranational banking corporation or foreign association shall not constitute transacting business in this state for the purposes of ORS chapter 60

(2) Before a foreign or extranational banking corporation or foreign association engages in any of the activities described in subsection (1) of this section, it shall first file with the director a statement signed by its president, secretary, treasurer or general manager that it constitutes the director its attorney for service of process, and shall pay an initial filing fee of \$200 and an annual license fee of \$200. The statement shall include the address of the principal place of business of the foreign or extranational banking corporation or foreign association

(3) The director, upon receiving service of process as authorized by subsection (2) of this section, immediately shall forward all documents served upon the director to the principal place of business of the foreign or extranational banking corporation or foreign association

(4) This section is not applicable to a national banking association organized under laws of the United States. Such a banking association may, without the necessity of complying with subsection (2) of this section, take, acquire, hold and enforce notes secured by real estate mortgages or trust deeds, make commitments to purchase such notes and participate with other lenders authorized to do business in this state in the making of loans for which such notes are executed and delivered

(5) A foreign or extranational banking corporation or foreign association that indirectly engages in the activities described in subsection (1) of this section because of its beneficial interest in a pool of notes secured by real estate mortgages or trust deeds need not comply with subsection (2) of this section

(6) For purposes of this section

(a) A foreign banking corporation is a corporation that is organized under the laws of another state to do a banking or trust business but is not subject under ORS 713 010 to the Bank Act

(b) An extranational banking corporation is a corporation that is organized under the laws of a nation other than the United States to do a banking or trust business but is not subject under ORS 713 010 to the Bank Act

(c) A foreign association includes any association incorporated under the laws of any other state or territory or any association organized and existing under the laws of the United States, unless the association has received a certificate of authority from the director or maintains an office in the State of Oregon [1987 c 94 §113]

**705.510 Exemption from fees and taxes for foreign or extranational banking corporations.** Engaging in the activities authorized by ORS 705 500 shall not subject a foreign or extranational banking corporation or foreign association described in ORS 705 500 to any tax, license fee or charge, except as provided in ORS 705 500, for the privilege of doing business within the State of Oregon or to any tax measured by net or gross income. However, if the foreign or extranational banking corporation or foreign association acquires any property given as security for such a mortgage or trust deed, all income accruing to the foreign or extranational banking corporation or foreign association solely from the ownership, sale or other disposal of such property is subject to taxation in the same manner and on the same basis as income of corporations doing business in this state [1987 c 94 §114]

**(Miscellaneous Provisions)**

**705.600 Time schedule for customer to draw against deposit.** (1) In accordance with ORS 183 310 to 183 550, the director shall adopt by rule a schedule of maximum time periods within which a banking institution or national bank as defined in ORS 706 005, a savings association or federal association as defined in ORS 722 004, and a credit union or federal credit union must permit a customer to draw against an item which has been deposited to the customer's account. The schedule shall provide for reasonable periods of time for the collection of deposited items. The director may gather from banking institutions, national banks, savings associations, federal associations, credit unions and federal credit unions such information as the director requires for adopting the rule authorized by this subsection. The schedule shall take effect January 1, 1988. The schedule may be amended from time to time.

(2) The director may by rule limit the application of the schedule adopted under subsection (1) of this section with respect to items of more than \$3,000 to new customer accounts and to customer accounts with a history of items drawn against insufficient funds or other account problems.

(3) As used in this section

(a) "Customer" means any person who has an account with the banking institution, national bank, savings association, federal association, credit union or federal credit union.

(b) "Item" has the meaning given that term in ORS 74 1040 and includes without limitation checks, negotiable orders of withdrawal and share drafts [1987 c 491 §2]

**705.610 Appointment of financial institution examiners.** The director shall appoint examiners to conduct, as required by law, all examinations of entities subject to ORS chapters 706 to 725 [1987 c 373 §20]

**705.620 Rule for fees to be collected from financial institutions.** (1) The director

shall each year prior to April 15, adopt by rule in a single rulemaking proceeding one or more schedules of fees to be collected during that year by the director from banks and savings banks under ORS 706 530 and from trust companies under ORS 706 540, and by the director from savings associations under ORS 722 606, from credit unions under ORS 723 114 and from licensees under ORS 725 185.

(2) The rule shall provide that the date for payment of the fees assessed under the schedule or schedules shall be the same for all institutions assessed.

(3) In setting the schedule or schedules, the director shall take into consideration

(a) The amount of all other funds available to the director collecting the fees under that schedule,

(b) The costs which the director collecting the fees under that schedule will incur in performing the duties of the director during the year in question, and

(c) The amount needed by the director collecting the fees under that schedule to establish and maintain a reasonable emergency fund [1987 c 171 §2]

**705.630 Charging for extra expenses.**

(1) When the department incurs extra expenses in performing its functions and the director determines that the expenses are incurred for the primary benefit of another person, the director may charge and collect from the person an amount equal to the reasonable actual extra expenses incurred. The director shall notify the person of the amounts to be charged either before the expenses are incurred or as soon as practicable after the director determines that amounts incurred should be charged under this section.

(2) A person who is charged an amount under this section may request a contested case hearing before the director for review of the charge [1987 c 309 §2]

