

REVENUE: No revenue impact

FISCAL: No fiscal impact

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<b>Action:</b>	Do Pass the A-Engrossed Measure
<b>Vote:</b>	5 - 0 - 0
<b>Yeas:</b>	Beyer, Kruse, Prozanski, Walker, Burdick
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Matt Kalmanson, Counsel
<b>Meeting Dates:</b>	5/10

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**WHAT THE MEASURE DOES:** Requires self-insurers to provide liability coverage to permissive drivers of their vehicles. Establishes that such coverage is secondary to any coverage available to a customer of the self-insurer, an operator of the self-insured vehicle or an occupant of the self-insured vehicle. Establishes that self-insurer is not required to insure a person who operates a vehicle without permission of the self-insurer. Permits a self-insurer to recover from the permissive driver any money paid by the self-insurer to the injured party. Allows injured parties to collect from their own uninsured or underinsured coverage if the amount they recover from the self-insurer is less than the uninsured liability limit.

**ISSUES DISCUSSED:**

- Automobile Insurance Work Group of Oregon Law Commission
- Financial Responsibility law and self-insurance provisions
- Underinsured motorist provisions
- Impact of interpretation of self-insurer law in *Farmers Insurance Co v. Snappy Car Rental*, 128 Or 516 (1994)
- Need to ensure that all vehicles on road are insured

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Oregon's Financial Responsibility Law (FRL) describes the basic requirements of automobile liability insurance. Among other things, it allows entities that own at least 25 vehicles to "self-insure," i.e., the entity promises to provide the same coverage as required by the FRL (\$25,000 per person, \$50,000 per accident). In 1994, the Court of Appeals ruled that the FRL does not require a self-insured entity to cover "permissive" drivers of its vehicles, such as customers of a rental car company. In addition, self-insured vehicles, by statute, are not "uninsured vehicles" under the uninsured/underinsured insurance statutes. Thus a person who is injured by a driver of a rental car might have no recourse if the driver is uninsured because the rental car company has no duty to cover permissive drivers and the injured party's own insurance does not insure against self-insured vehicles. HB 2385-A requires self-insurers to cover permissive drivers of their vehicles, and amends the uninsured/underinsured statutes to include coverage for self-insured vehicles, in certain instances.