

Senate Bill 132

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Removes bond requirement for for-hire carriers that offer collect on delivery service.

A BILL FOR AN ACT

1
2 Relating to motor carriers; amending ORS 825.162, 825.164 and 825.166.

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

4 **SECTION 1.** ORS 825.162 is amended to read:

5 825.162. *[(1) For-hire carriers of property intrastate may provide collect on delivery service. Any*
6 *carrier providing collect on delivery service shall obtain a satisfactory bond in a sum to be fixed by*
7 *the Department of Transportation, conditioned that such carrier shall make compensation to shippers*
8 *or consignees for all property shipped collect on delivery, or money collected therefor, belonging to*
9 *shippers or consignees and coming into the possession of such carrier in connection with its transpor-*
10 *tation business.]*

11 *[(2)]* **(1)** *[No]* A certificate or permit *[shall]* **may not** be issued to any person to operate intra-
12 state as a for-hire carrier of freight or express until the person has in effect cargo insurance in such
13 penal sum as the Department **of Transportation** may deem necessary to protect adequately the in-
14 terests of the public. This policy shall bind the assurer for loss of, or damage to, property carried
15 in, upon or attached to the motor vehicles or other equipment operated by, for or under the control
16 of the assured, or while in the care or custody of the assured.

17 *[(3)]* **(2)** The department may waive the requirement of *[such bond or]* cargo insurance for any
18 carrier whose service is limited to commodities not subject to material damage or loss through or-
19 dinary transportation hazards~~*[, or any carrier who does not engage in transporting collect on delivery*~~
20 ~~*shipments]*~~.

21 **SECTION 2.** ORS 825.164 is amended to read:

22 825.164. (1) The Department of Transportation by rule shall establish a system for determining
23 how motor carriers demonstrate compliance with the insurance *[and bond]* requirements of ORS
24 825.160 and 825.162. The system may require certification of compliance by the carrier or the filing
25 of a policy *[or bond]* with the department and may require different acts of compliance based on
26 class of carrier or experience. The system shall also specify what acts constitute failure to comply
27 for purposes of revocation or suspension of the carrier's authority.

28 (2) *[No]* **An** insurance policy *[or collect on delivery bond]* furnished under ORS 825.160 or 825.162
29 may **not** be canceled or otherwise terminated at any time prior to its expiration until the *[indemnity*
30 *or surety company or reciprocal insurance exchange which executed the same,]* **entity that executed**
31 **the policy** has filed with the department a notice of cancellation as provided in *[such bond or]* **the**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 policy. [*Such*] **The** cancellation [*shall be*] **is** effective not less than 30 days from the date of receipt,
2 and no agreement between the parties thereto shall operate to avoid this restriction upon cancella-
3 tion.

4 (3) If any insurance policy [*or collect on delivery bond*] required under ORS 825.160 or 825.162
5 becomes inoperative, the authority under the certificate or permit involved shall cease and be sus-
6 pended insofar as it pertains to any affected vehicles until an insurance policy [*or collect on delivery*
7 *bond*] meeting the requirements of ORS 825.160 and 825.162 becomes effective and is accepted by the
8 department.

9 **SECTION 3.** ORS 825.166 is amended to read:

10 825.166. (1) In lieu of the insurance policy or surety bond, the holder of any certificate or permit
11 may file with the Department of Transportation an irrevocable letter of credit issued by an insured
12 institution, as defined in ORS 706.008, or money, bank or savings and loan savings certificates, or
13 bonds, negotiable by delivery, of the State of Oregon, school districts therein, or of any county
14 therein, or obligations of the United States, or obligations for which the faith of the United States
15 is pledged for the payment of both the principal and interest, equal in amount to the amount of the
16 insurance policy or bond required by the department.

17 (2) So long as the deposit remains unencumbered the depositor is entitled to collect the interest
18 upon such securities.

19 (3) The department shall hold the securities or letter of credit upon such terms as the depart-
20 ment shall designate and approve pursuant to the provisions of this chapter, and shall deliver such
21 securities or letter of credit to the State Treasurer, who shall receive and hold them subject to the
22 lawful orders of the department. The State Treasurer and the surety or letter of credit issuer of the
23 treasurer shall be liable upon the official bond or letter of credit for their safekeeping. The depos-
24 itors shall reimburse the State Treasurer for any expenses incurred by the treasurer in the mailing,
25 insuring, shipping or delivering of any such securities or letter of credit, or of the interest coupons
26 attached thereto as they mature.

27 (4) Such substituted security or letter of credit shall be subject to the liabilities imposed by the
28 terms of the policy of insurance or surety bond or letter of credit then currently used by the de-
29 partment.

30 (5) If the securities or letter of credit provided for in this section are furnished in lieu of an
31 insurance policy or bond, they shall not be subject to withdrawal or assignment by the holder of the
32 certificate or permit, either voluntarily or by operation of law, until the expiration of one year after
33 the holder of the certificate or permit, in connection with which they are furnished has:

34 (a) Substituted therefor a policy of insurance [*or surety bond*] as provided in ORS 825.160 and
35 825.162;

36 (b) The certificate or permit canceled; or

37 (c) Surrendered such certificate or permit to the department for cancellation and has ceased
38 operation thereunder.

39 (6) If any such securities become impaired in value, the department shall require additional
40 protection by insurance, bond, letter of credit or substitute security to the extent that the value of
41 the securities may have become impaired.

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