

# Senate Bill 713

Sponsored by Senator ATKINSON

## 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**.

Requires all mandatory arbitration provisions in insurance policies between insureds in this state and insurers to make State Insurance Arbitration Board arbitrator. Requires Director of the Department of Consumer and Business Services to appoint members of board based upon public contracting process. Compensates members of board from state funds.

Allows insured to terminate arbitration proceedings filed after January 1, 2009, and before effective date of Act, and vacate decisions on such claims. Allows insured to refile such claims with State Insurance Arbitration Board.

## A BILL FOR AN ACT

1  
2 Relating to arbitration of disputes over insurance policy claims.

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

4 **SECTION 1. Sections 2 and 3 of this 2011 Act are added to and made a part of the In-**  
5 **urance Code.**

6 **SECTION 2. If an insurance policy offered to an insured residing in this state includes a**  
7 **provision requiring binding arbitration of an appeal by the insured of a decision of the**  
8 **insurer denying or partially denying a claim under the policy, the arbitration must be con-**  
9 **ducted by the State Insurance Arbitration Board established by section 3 of this 2011 Act.**

10 **SECTION 3. (1) The Director of the Department of Consumer and Business Services shall**  
11 **establish a State Insurance Arbitration Board with authority to provide arbitration for all**  
12 **insurance policies between insureds who reside in this state and insurers.**

13 **(2) Members of the State Insurance Arbitration Board:**

14 **(a) Shall be chosen by the director based upon a contracting process consistent with the**  
15 **Public Contracting Code;**

16 **(b) Shall not be state employees;**

17 **(c) Shall be residents of this state; and**

18 **(d) Shall be compensated for their work from the Consumer and Business Services Fund**  
19 **established in ORS 705.145.**

20 **(3) The director shall adopt rules governing the actions and procedures of the State In-**  
21 **urance Arbitration Board.**

22 **SECTION 4. Sections 2 and 3 of this 2011 Act apply to all insurance policies entered into**  
23 **or renewed after the effective date of this 2011 Act.**

24 **SECTION 5. (1) Any arbitration proceeding arising from a denial of a claim under an in-**  
25 **urance policy between an insured residing in this state and an insurer filed after January**  
26 **1, 2009, and before the effective date of this 2011 Act that has not resulted in a decision on**  
27 **the claim may be terminated if the insured, within 90 days after the effective date of this**  
28 **2011 Act, files an appeal of the claim with the State Insurance Arbitration Board in a manner**

**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 consistent with rules adopted by the Director of the Department of Consumer and Business  
2 Services under section 3 of this 2011 Act.

3 (2) If a decision has been made under an arbitration clause of an insurance policy after  
4 January 1, 2009, that is inconsistent with the provisions of section 3 of this 2011 Act, the  
5 insured may take action to vacate the decision within 90 days after the effective date of this  
6 2011 Act by filing an appeal of the claim with the State Insurance Arbitration Board in a  
7 manner consistent with rules adopted by the Director of the Department of Consumer and  
8 Business Services.

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