

Oregon

May 8, 2013

Senate General Government, Consumer and Small Business Protection Committee

Re: HB 3160 –A

NFIB Urges a NO Vote on HB 3160

Representing our 7,500 small business members throughout the state of Oregon, NFIB opposes HB 3160-A. Insurance is a necessary and significant expense to small business owners. We believe HB 3160-A would result in higher insurance costs for not only small businesses but all businesses in Oregon. Small businesses cannot tolerate this threat at a time when we are just now getting glimpses of an economic uptick after a very long recovery period from the recent recession.

Adding insurers to the Unfair Trade Practices Act (UTPA) would establish dual regulation of insurance for the first time in Oregon. Under the UTPA the Attorney General would be in addition to the Insurance Agency's jurisdiction. Besides an action by either or both agencies is the private right of action potential from plaintiffs' attorneys looking for ways to increase settlements in personal injury claims.

Only 9 states have combined their Unfair Claims Settlement Practices (UCSP) statute into their Unlawful Trade Practices Act. Of these, only 2 (NJ and FL) allow both first and third parties to bring claims using any alleged UCSP violation as a basis for a private cause of action. Average insurance rates in both of these states are dramatically higher than Oregon (FL: \$1037, NJ: \$1157, OR: \$724)

Of significant concern is HB 3160-A amends the UTPA to expose ALL Oregon businesses to lawsuits brought by plaintiffs' attorneys seeking injunctions, cease-and-desist orders or even actions seeking to force a business to give up profits. This has the potential to affect hiring, capital investments and revenue to the state of Oregon.

Insurance premiums skyrocketed by up to 53% in California during the decade when the law allowed filing two lawsuits for the same claim – one against a party for damages and another against their insurer for "bad faith." Washington State had similar results when insurance costs in personal property coverage rose by nearly \$200 million. Oregon's small business sector cannot afford this threat.

Oregon has existing remedies to protect consumers such as claimants' right to sue for breach of contract; for emotional distress; for failure of an insurer to defend a policyholder in an action; for fraudulent benefit reductions or claims denials – there are even punitive damages available for deliberate, wanton, willful and intentional misconduct by an insurance company – including an award of attorneys' fees.

NFIB is joined by the following business organizations in asking for a NO vote on HB 3160-A

Vote NO on HB 3160

Allstate
Mark Nelson, Justen Rainey

American Council of Life Insurers
John Mangan

American Family Insurance Group
Lana Butterfield

Americas Health Insurance Plans
Elise Brown

American Insurance Association
Paul Cosgrove, Alec Shebiel, Joanie Cosgrove

Associated Builders and Contractors
Shawn Miller

AOI
Betsy Earls, JL Wilson

Cambia Health Solutions
Tom Holt, John Powell, John C. Powell

CNA Insurance
Inga Deckert, Joe Manero

The Doctors Company
Jim Dorigan, Elizabeth Healy

Farmers Insurance
Brian Miller

Health Net Health Plan of OR
Lisa Trussell

Independent Insurance Agents of Oregon
Roger Beyer

Independent Electrical Contractors
Shawn Miller

Kaiser Permanente
Inga Deckert, Jeremy Vanderhey

Liberty Mutual

John Powell, John C. Powell

Lifewise
Elise Brown

Manufactured Housing Communities of Oregon
Chuck Carpenter

Nationwide
Paul Cosgrove, Alec Shebiel, Joanie Cosgrove

National Federation of Independent Business
Jan Meekcoms

NW Grocery Association
Shawn Miller

NW Food Processors Association
Mark Nelson, Justen Rainey

ODS Health Plans
Mike Dewey, Fawn Barrie

Oregon Business Association
D.J. Vogt

Oregon Farm Bureau
Katie Fast

Oregon Financial Services Association
Paul Cosgrove, Alec Shebiel, Joanie Cosgrove

Oregon Home Builders Association
Jon Chandler, Scott Barrie

Oregon Liability Reform Coalition
Mike Dewey, Fawn Barrie

Oregon Metals Industry Council
Mark Nelson, Justen Rainey

Oregon Mutual
Chris McLaran

Oregon Restaurant and Lodging Association
Bill Perry

Oregon Small Business Coalition
Darrell Fuller

Oregon Trucking Association
Bob Russell

Pacific Source
Marian Blankenship, Pam Leavitt

Physicians Insurance
Anne Bryant

Professional Insurance Agents of Oregon/Idaho
Lana Butterfield

Progressive Insurance
Dave Barrows, Tom Barrows

Property Casualty Insurers of America Association
Shawn Miller

Providence
Dan Jarman

Regence
Tom Holt, John Powell, John C. Powell

Safeco Insurance
Gary Strannigan

Salem Area Chamber of Commerce
Jason Brandt

The Standard
Justin Delaney

State Farm
John Powell, John C. Powell

Sublimity Insurance Company
Geoffrey Baker

Surplus Line Association of Oregon
Jim Markee, Matt Markee

US Chamber Institute for Legal Reform
Kevin Watson