



May 8, 2013

Chair Shields and Members of the Committee:

The Independent Insurance Agents and Brokers of Oregon (IIABO) and the Professional Insurance Agents of Oregon/Idaho (PIA) are opposed to HB 3160.

IIABO and PIA are statewide groups of independent insurance agents, technically producers by statute. Our members are small business owners and we serve consumers in many communities throughout Oregon. While our members traditionally have focused on selling property/casualty insurance, most sell other lines of insurance also.

We are opposed to this bill on behalf of both our members and their customers. This bill will definitely impact small business owners and individuals who buy insurance. It will almost certainly increase the cost of insurance to our customers, making policies less affordable. As insurance costs rise, some consumers will reduce coverage to save money, or simply chose to go without insurance. Neither of these are good choices for consumers and our groups are opposed to legislation which makes insurance less affordable for our customers.

HB 3160 includes insurance in definition of "real estate, goods or services" for purposes of the Unlawful Trade Practices Act. Current law provides that the Oregon Insurance Division has authority for comprehensive regulation of insurance trade practices in Chapter 746. HB 3160, by removing a current exemption for insurance, would grant the Attorney General authority over insurers and their agents for trade practices under the Unlawful Trade Practices Act in Chapter 646, while they are still liable under the Unfair Claims Settlement Practices Act.

The Oregon Insurance Division already regulates insurance. They can and do penalize insurance agents, as well as companies. They can take away our livelihood. Insurance does not need a second state regulator on trade practice matters. Dual regulation will be costly and will confuse our members as well as members of the public.

The Unlawful Trade Practices Act is not an appropriate method to regulate insurance transactions. In the insurance setting, the insured already has a breach of contract claim if the insurance company does not comply with its obligations under the policy. Agents can already be sued under their errors and omissions insurance policies, but this bill may force them to deal with multiple lawsuits.

The result of this bill will be to expose insurers and their agents to claims for tort damages, treble damages and punitive damages, as well as investigation costs and attorney fees. HB 3160 will increase the number of lawsuits and thus the costs which are passed on to policyholders.

For these reasons IIABO and PIA are opposed to HB 3160.

Thank you for your consideration.

Ed Davis



HELPING WITH YOUR INSURANCE ONE PIECE AT A TIME
**STAMM STUART BYBEE
INSURANCE**

May 8, 2013

Senate General Government, Consumer and Small Business Protection Committee
900 Court St. NE
Salem, OR, 97301

Dear Chair Shields and Committee Members:

As owner of an independent insurance agency, we insure many folks and businesses in the Gresham and East Portland area, and I wanted to share my deep concern about House Bill 3160 in the 2013 Oregon Legislative Session with you.

These bills would move insurance into the Unlawful Trade Practices Act. That means we would have to operate under two different regulatory schemes, one of which – the Insurance Code – was designed specifically to cover the nuances of our industry, and the other – the Unlawful Trade Practices Act – is a more general statute with rather vague standards. This would be confusing. It would also open up more litigation with increased damages and costs. It could very well lead to higher costs for our customers as a result.

Oregon is only about one percent of the total US marketplace. It would have tremendous consequences for those who live and work here locally. The two property/casualty insurance companies headquartered in Oregon are small regional companies who have been very helpful to Oregon policyholders. None of us caused the economic recession or give away huge bonuses. In fact, our agency is suffering loss of business as a result of commercial customers who have recently non-renewed their coverage, and in personal lines we fear that there are many people in Gresham who are currently uninsured as a result of these economic times.

This bill doesn't provide any significant help to Oregonians. The Insurance Division can take our license and livelihood away, or fine us significantly already. Our customers can sue us under our Errors and Omissions policy if we make a mistake. We have invested significant resources in our community, we believe in what we do, and we want to serve the people of Gresham and East Portland to the best of our ability. We are opposed to House Bill 3160, and encourage you to vote no.

Thank you for your consideration!

Michael J. Bybee
President
Stamm Stuart Bybee Insurance Management, Inc.

HB 3160

May 8, 2013

Senate General Government, Consumer and Small Business Protection Committee

Re: Opposition to House Bill 3160

Mr. Chair, Members of the Committee and other legislators:

House Bill 3160 has been brought to our agency's attention. Implications of the passage of this bill is foreseen to lead to unnecessary duplication of regulation to our industry in addition to added expense from additional litigation.

Current Oregon law within Chapter 746, gives the Oregon Insurance Division under the Department of Consumer and Business Services, the authority for regulation of the insurance trade practices. By passing House Bill 3160, the Attorney General would be granted authority over the insurance industry for trade practices under the Unlawful Trade Practices Act in Chapter 646. Duplicate regulation of the insurance industry is an added expense that is not necessary.

The passing of this bill will expose the insurance industry to claims for tort damages, treble damages and punitive damages, as well as investigation costs and attorney fees for claims regarding alleged deceptive or fraudulent sales tactics.

The end results of the passage of House Bill 3160 will be to increase the volume and cost of litigation without providing any significant benefit to the consumer, in fact the consumer will be negatively impacted by the increased cost of insurance imposed upon them by the increased cost of doing business from insurance and agencies defending increased costly law suits.

With local businesses currently having to close their operations in Lincoln, Lane, Coos and Curry County due to the conditions of the economy and the current cost of insurance, we can not afford any duplication in regulation.

Sincerely,

Wendy Abel-Hatzel, AAI, CIC, CPIW, CRM, DAE
Vice President
Harry Abel Insurance Agency, Inc.

**Corvallis
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May 8, 2013

Senate General Government, Consumer and Small Business Protection Committee

RE: House Bill 3160

Dear Mr. Chair and Members of the Committee:

I am writing to oppose the changes presented in House Bill 3160 to include the insurance industry in the unlawful trade practices act and allow second lawsuits. We are currently regulated by the Insurance Division and with their command over licensing and fines I think we are adequately regulated. Additional regulation will only increase operating costs and not provide for additional safety to the general public. This action only serves to further the backlogs in our legal system and doesn't enhance the economic position of the State of Oregon.

These tough economic times should bring focus to a more efficient government and we should strive to reduce the cost of administering our state while still protecting its citizens. This proposal doesn't add anything to the equation. Please keep the already controlled insurance business out of this dual regulatory proposal.

Thanks for your consideration.

Sincerely,



Peter W. Ball
President



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May 8, 2013

Senate General Government, Consumer and Small Business Protection

Subject: **Opposition to House Bill 3160**

Mr. Chair, Members of the Committee:

House Bill 3160 will lead to unnecessary duplication of regulation to our industry and increased expenses from additional "second lawsuit" litigation. We see consumers face-to-face every day, and we do not believe this proposed legislation will be helpful.

Currently the Oregon Insurance Division under Oregon law within Chapter 746 has authority to regulate the insurance industry. By passing House Bill 3160, the Attorney General would be granted authority over the insurance industry under the Unlawful Trade Practices Act in Chapter 646. Duplicate regulation of the insurance industry is an added expense that is not necessary.

Claims for tort damages, treble damages and punitive damages, as well as investigation costs and attorney fees for claims regarding alleged deceptive or fraudulent sales tactics will only increase the amount that our customers must pay to obtain insurance. Our agency has been operating in Central Oregon for many years, and we have seen the effects of the economy in this area. Passage of House Bill 3160 will increase the number of lawsuits and cost of litigation without providing any significant benefit to the consumer. We see this from the perspective of being very close to consumers and knowing their situations in regard to insurance.

With individuals going uninsured and local businesses having to close their operations in Central Oregon due to economic conditions, the cost of insurance is a significant factor. Please vote no on House Bill 3160.

Sincerely,

Patrick O'Keefe
Cascade Insurance Center
336 SW Cyber Dr. Ste D-104
Bend, OR 97702



**COURTNEY
INSURANCE
AGENCY, INC.**

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May 8, 2013

Senate General Government, Consumer and Small Business Protection Committee
Oregon State Capitol
Salem, OR 97310

RE: Opposition to HB 3160

Dear Committee Members:

I own a small insurance agency in The Dalles, Oregon. It is a typical small town, small insurance agency. The firm was founded by my grandfather, Eugene Courtney, in 1941. I have been active in management and/or ownership since 1971.

I recently became aware of HB 3160. While I applaud the efforts of the Oregon Legislature to protect our fellow citizens, I believe that this legislation would, if passed, place an unnecessary burden on the insurance industry in Oregon, and on our customers due to increased costs as a result.

The industry, currently, is regulated by DCBS Insurance Division, and its enforcement of insurance trade practices in Chapter 746 of the Oregon Revised Statutes. I believe that HB 3160, as written, will cause little, if any, in the way of improved consumer protection. On the contrary, it will likely cause an increase of costs, through exposure to tort damages, treble damages, punitive damages, attorney fees and investigation costs—even for those who have done nothing wrong!

Most of us are honest, law-abiding citizens, active in our communities, who live on our reputations. Our customers do not need another unnecessary burden of increased cost due to these bills.

Thank you for your time and for your service to the citizens of the State of Oregon. Please defeat HB 3160.

Sincerely,

Mike Courtney, President
Courtney Insurance Agency, Inc.



GORDON WOOD INSURANCE & FINANCIAL SERVICES

"We never forget how important you are"

709 SE Kane / P.O. Box 1326 / Roseburg, OR. / 97470 / Phone: (541) 672-4466 / Fax: (541) 440-3730

Written testimony against HB 3160

Senate General Government, Consumer and Small Business Protection Committee
2013 Oregon Legislative Session

May 8, 2013

Dear Legislators:

1. Oregon's Unlawful Trade Practices Act is intended to prevent and/or provide relief from factual misrepresentations about the characteristics of products or services at the time of the sale of those products or services. Expansion of the act to apply to insurance would result in lawsuits related to performance under the insurance contract – already satisfied by breach of contract laws.
2. The Oregon insurance Division already thoroughly regulates insurers and agents, and provides consumer protection that could be interfered with if this legislation is approved.
3. The expansion of this law to apply to insurance will only lead to second lawsuits, more litigation and ultimately, higher costs for insurance. The result of this bill would be to expose insurers and their agents to claims for tort damages, treble damages and punitive damages, as well as investigation costs and attorney fees.

The net effect of these bills will be to increase the volume and cost of litigation while accomplishing no significant benefit for consumers. Litigation adds to the cost of the product we offer. Such costs are passed along to consumers in the form of higher premiums. In today's economic climate, consumers cannot afford HB 3160.

Consumers in Roseburg simply can't withstand increased costs of insurance, nor wade through further regulation to obtain needed insurance. Almost weekly, some of the few business customers I have left who are still surviving are driven to remove precious coverage to simply avoid bankruptcy. Not long ago, a long-standing customer dropped three valuable policies due to the dramatic reduction in her clientele. And as an agent, my cost in time, staffing and money to conform to today's strict regulation causes limitations for public access. We simply can't take much more.

Please, do not subject one of the most regulated industries to a second set of regulatory laws and agencies. Do not further compound the cost and difficulty by the industry to deliver a stable, long-standing financial protection for consumers against unforeseen catastrophes. Don't destroy such a well-regulated industry, that even in the times of world financial meltdown, stands financially strong and solvent. An industry delivering services to the consumer in a robust and healthy way.

Sincerely,

Kelsey Wood
GORDON WOOD INSURANCE & FINANCIAL SERVICES
Roseburg, Oregon



Opposition to House Bill 3160

May 8, 2013

Senate General Government, Consumer and Small Business Protection Committee

Chair Shields and Committee Members:

I recently became aware of House Bill 3160 which as I read it intend to put trade practices under the attorney general's office. I have been working in insurance for over 40 years in Oregon and trade practices have always been effectively handled by the insurance division. I have several concerns with what might happen should these bills become law in our state. Since I derive my income from the insurance industry I am concerned that not only will it affect my business personally but it may also affect the insurance industry in the state of Oregon.

1. Having the insurance industry regulated by two separate divisions of the Oregon government will cause confusion and most likely result in dual standards of how someone should be treated. House Bill 3160 would be inefficient and result in increased costs that will be borne by us the consumers.
2. My inclination is that this would result in more legal items. The insurance division does an excellent job of handling all of the trade practices of insurance in the state of Oregon and always has. The insurance division always has taken enforcement action for trade practices against agents and companies. If this were transferred to the attorney general's office I will guess that several companies may withdraw from the state. This will mean that consumers for whom they are writing business in Oregon will have to seek coverage from another insurer.
3. My experience is that the insurance division has always done an excellent job of handling the trade practices of both agents and the insurance companies. They do an excellent job and because they are familiar with how insurance works they are able to solve many problems before they would have to take enforcement action. I doubt the attorney general's office without extensive insurance knowledge could do that.
4. For licensing, a person studies the section of the ORS's which pertains to insurance. Included in that is trade practices which is a section. If it were transferred to the attorney general the code would have to be rewritten and for trade practices you would go to another section of the ORS's. That certainly isn't conducive to people learning what the insurance code says if it wasn't in the insurance code.

I urge you to vote no on House Bill 3160 as I feel it will cause many problems for consumers first due to increased costs, and the insurance companies as well.

Herm Deiss
Mid Valley General Agency LLC
4305 River Road N., Keizer, OR 97303



A Division of *LeDoux Insurance Agency Inc.*
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May 8, 2013

Senate General Government, Consumer and Small Business Protection
RE: **Strong Opposition to HB 3160**

Chair Shields and Members of the Committee:

Our agency is opposed to House Bill 3160. We believe our current system works well, and changes are likely to increase costs for the consumers we serve.

Insurance companies and insurance products are already governed and regulated by the Oregon Insurance Division. They have the duty to approve each insurance product and policy. Under current law, insurers and insurance agents are subject to trade practices laws in ORS 746, including a section entitled Unfair Claim Settlement Practices.

The Insurance Code gives broad authority to the Department of Consumer & Business Services (DCBS) to prohibit unfair or deceptive acts by insurers and agents. DCBS can issue fines and cease and desist orders to carriers, and revoke the licenses of producers (insurance agents).

Consumers also have additional recourse through the filing of civil actions against insurance companies or agents under contract law for breach of contract. Dual regulation by another agency that doesn't understand the intricacies of insurance transactions will not be in the State's best interest.

Allowing second lawsuits and adding UTPA to the current insurance regulatory framework is redundant and will add costs that will inevitably be paid by consumers. Our customers care about how much their insurance costs.

Please vote "NO!" on HB 3160.

Sincerely,

Cynthia Powers
LeDoux Insurance Agency
Salem, OR

May 8, 2013

Senate General Government, Consumer and Small Business Protection Committee

Re: **Strong Opposition to House Bill 3160**

Mr. Chair and Members of the Committee:

As an Insurance Producer in the Eugene/Springfield area, and an active member-participant of the Professional Insurance Agents of Oregon and Idaho, I strongly urge you to vote NO! on House Bill 3160. These bills do not support the best interests of consumers nor will they positively contribute to the healthy state or Oregon's economy. Here is why:

- 1. Our Economic Climate:** There are now more individuals and businesses earning less income, are without jobs, less workforce, increasing expenses, and doing away with risk management and loss control, than ever before. How does this House Bill alleviate any of these existing pressures? We already have resources in place that protect the consumer – the Oregon Insurance Division and our Errors and Omissions policies. The recession alone is hard enough. Let's not add another confusing and costly mechanism to these empty pockets.
- 2. Our Laws:** Our Oregon Insurance Division is the authority to regulate insurance practice. They exercise this extremely well and have for years. The Insurance Code addresses all aspects of insurance, and individual sections work with the whole, so that it is specific to this industry rather than vague and confusing standards that would be imposed by House Bill 3160 under dual regulation.
- 3. Our People:** As independent insurance agents, we're not just serving our communities, our local grocer, our schools, or Main Street businesses, but we're serving the lives of real people. People who trust us; who expect the same in return. People who work very hard to earn an average income. They have a right to protect it, rather than to pay increasing costs resulting from state laws such as House Bill 3160.

Personally, there have been countless clients of mine recently who have either sold their business, liquidated and closed their doors, or have stopped insuring their assets and liabilities in order to remain afloat. This handful of clients represented approximately thousands of dollars of premium. This does not include the figures from other Producers in our office. If I am only one agent in Eugene/Springfield, how many others are there? I think the results would be staggering.

Please defeat House Bill 3160. Thank you for your time and consideration.

Brian C. Crawford
Producer & Consultant

May 8, 2013

TO: Senate General Government, Consumer and Small Business Protection

Re: **Opposition to House Bill 3160**

Mr. Chair and Members of the Committee:

I am Bob Foster, with Rhodes Warden Insurance Agency, Inc. in Albany and Lebanon, Oregon. We are members of The Professional Insurance Agents of Oregon and Idaho, or PIA. I sincerely regret that I cannot be with you to testify in person at this hearing, as it is very important to me.

PIA is a statewide group of independent insurance agents. Like me, most are small business people. We serve both residential customers and main street businesses, and there are independent agents in many communities through Oregon. We are strongly opposed to House Bill 3160 on behalf of our industry, our member producers, and insurance policyholders - our customers, who ultimately will have to foot the bill for increase in cost due to this legislation.

Insurance is already highly regulated by the Oregon Insurance Division. They can and do fine and remove a company's or agent's license. Insurance does not need a second state regulator on trade practice matters. Dual regulation will be costly and confusing. The Unlawful Trade Practices Act is not an appropriate vehicle for regulating insurance transactions.

House Bill 3160 would lead to more lawsuits. The net effect of this bill will be to increase the volume and cost of litigation while accomplishing no significant benefit for consumers. Litigation adds to the cost of the product we offer. Such costs are passed along to consumers in the form of higher premiums. In today's economic climate, consumers cannot House Bill 3160.

Oregon has many small business owners who will be negatively impacted by these bills. This is most certainly a small business issue, not just about "big bad insurance companies."

We encourage the legislature to vote no on House Bill 3160. Thank you for your consideration.

Bob Foster
Rhodes-Warden Insurance
PO Box 2660
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