



## **Standard Insurance Company Statement of Opposition to Senate Bills 512, 513, 514 and 686**

### **Would Make Insurance in Oregon More Litigious, More Expensive for Consumers, and Penalize Oregon-Based Insurers**

Senate Bills 512, 513, 514 and 686 would create new and expensive forms of litigation in Oregon against insurers like The Standard. These new remedies and damages are in addition the existing judicial remedies available to consumers, and to the free-of-charge consumer advocates provided by the Oregon Insurance Division.

**These bills will lead to more frequent and more expensive litigation in Oregon over insurance claims.** At a time when the State is focused on driving down health insurance costs, these new incentives for litigation sought by these bills are little more than inducements for more lawsuits and premature litigation. More lawsuits will simply lead to higher insurance premiums for Oregon consumers and employers.

**Who's on first? SB 512, 513 and 686 would create an Oregon insurance marketplace with two distinct regulators.** By adding the Attorney General into the insurance regulatory framework, these bills would create an inefficient, duplicative and confusing layer of regulation on Oregon's insurance industry at a time when our efforts are focused on streamlining the healthcare cost structure. Oregon's existing insurance regulatory framework is robust, and there has been no case made for the position that the Attorney General should become a parallel regulator for an industry that already has an entire agency overseeing every aspect of its operations.

**These bills are a magnet for litigation in Oregon by out-of-state plaintiffs, and will disproportionately impact traded sector carriers headquartered in Oregon.** These bills are proposed to protect Oregon consumers. But the real effect will be to encourage residents of other states to file suit in Oregon to obtain the enhanced damages. The only insurance companies susceptible to suit in Oregon by residents of other states are insurance companies headquartered here, like The Standard. These bills would dissuade insurers from making Oregon their headquarters, and place Oregon-based insurers at a competitive disadvantage.

**The existing Oregon Insurance Trade Practices Act was never intended to create causes of action.** The affected sections of ORS by SB 514 are the regulatory framework for an agency, the Oregon Insurance Division, by which it can oversee insurer operations, assist consumers, conduct audits, and penalize where appropriate. The Insurance Division regularly conducts market conduct examinations of insurers, reviews claims handling practices in detail, and assesses penalties where violations are found. Oregon statute already prohibits bad faith behavior by insurers.

**These bills set up inconsistent remedies based on how you purchase your insurance.** The Employee Retirement Income Security Act ("ERISA") pre-empts state remedies for consumers who obtain insurance through a private employer, which is how most people obtain health insurance. As such, the new remedies and causes of action sought by these bills – and corresponding cost increases – would disproportionately impact government and religious employers who are not governed by ERISA.