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AOI Testimony on House Bill 3160

House Consumer Protection Committee

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AOI opposes HB 3160. This legislation makes the insurance industry subject to the Unlawful Trade Practices Act. AOI believes that this action does not support a positive business environment in Oregon.

The UTPA is a statute that protects consumers from unfair general business practices by granting the Attorney General jurisdiction over this area of the law. Oregon's UTPA 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.

In addition, the UTPA creates a private cause of action for consumers that requires an exceedingly low threshold for filing. In fact, Oregon has a de minimis standard for "ascertainable loss" under the UTPA.

AOI believes SB 686 is both unnecessary and punitive. The insurance industry is already regulated like no other. In fact, an entire state bureaucracy (the Oregon Insurance Division) is already devoted to regulating the industry. The OID is already commissioned to approve the policies, and the wording of the policies, before they are even introduced into the marketplace.

Insurance products, insurance companies and their producer agents are also subject to an entire section of Oregon Law – the Insurance Code –ORS Chapters 731 through 750.

On top of that, there is the Unfair Claims Settlement Practices Act to protect consumers.

Finally, the Director of the Department of Consumer & Business Services (DCBS) has the ability to issue fines, cease and desist orders, and revoke producer licenses and revoke the licenses of an entire insurance company.

There is no compelling public policy reason to make insurers and their agents subject to the UTPA. In light of existing regulation of the insurance industry, HB 2525 appears punitive.