

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	9 - 0 - 0
Yeas:	Barnhart, Berger, Dembrow, Hicks, Holvey, Hoyle, Jenson, Kennemer, Garrett
Nays:	0
Exc.:	0
Prepared By:	Erin Seiler, Administrator
Meeting Dates:	6/24, 6/26

WHAT THE MEASURE DOES: Allows Director of Department of Consumer and Business Services (DCBS) to seek restitution and other equitable relief for consumers for actual damages caused by insurer's violation of Insurance Code, breach of contract or policy, or violation of applicable federal law. Prohibits separate cause of action based on such exercise of regulatory authority. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Allowing insurance division to assist consumer to pay claim
- Separate process to strengthen existing appeals process
- Prohibitions in Insurance Code and tools to hold insurance company accountable
- Lack of DCBS authority to order restitution to consumer
- Discretionary language
- Due process element for insurer if division assesses penalty
- Consumer recourse if no action is taken by DCBS
- Existing cause of action for private party
- Cost of contested case hearing
- Ability to seek reimbursement for attorney fees
- Process for investigation and enforcement by DCBS
- Additional exposure to insurer or insurance division
- Fiscal impact absorbed within enforcement unit

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Department of Consumer and Business Services (DCBS) has regulatory enforcement authority over insurers in the state of Oregon; if criminal conduct by an insurer is suspected, the matter is referred to the Attorney General or appropriate district attorney.

Senate Bill 414-A gives the Director of DCBS the power to seek restitution and other equitable relief on behalf of a consumer for actual damages that result from regulatory violations of the Insurance Code, without creating a separate cause of action.