

House Bill 2932

Sponsored by COMMITTEE ON CONSUMER PROTECTION AND GOVERNMENT EFFICIENCY

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Prohibits insurer from denying insured's claim under motor vehicle insurance policy if insurer learns that motor vehicle was previously declared total loss. Permits insurer to cancel insurance policy under specified conditions.

Provides that cancellation of motor vehicle insurance policy because insurer learns that motor vehicle was previously declared total loss is not effective unless insurer refunds premium payments insured made under policy or renewal of policy.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to insurance policies that cover motor vehicles declared to be a total loss; creating new
3 provisions; amending ORS 742.562 and 742.564; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2013 Act is added to and made a part of ORS chapter 742.**

6 **SECTION 2. (1) As used in this section, "policy" has the definition given that term in**
7 **ORS 742.560.**

8 **(2) An insurer may not deny a claim that an insured makes under a policy on the basis**
9 **of information that shows that the motor vehicle that the policy insures was previously de-**
10 **clared a total loss.**

11 **(3) An insurer may cancel a policy that insures a motor vehicle that was previously de-**
12 **clared a total loss only as provided in ORS 742.564.**

13 **SECTION 3. ORS 742.562 is amended to read:**

14 742.562. (1) A notice of cancellation of a policy [*shall be*] **is** effective only if [*it*] **the notice** is
15 based on one or more of the following reasons:

16 (a) Nonpayment of premium.

17 (b) Fraud or material misrepresentation [*affecting*] **that affects** the policy or in [*the presentation*
18 *of*] **presenting** a claim [*thereunder*] **under the policy**, or violation of any of the terms or conditions
19 of the policy.

20 (c) The named insured or any operator either resident in the same household or who customarily
21 operates an automobile insured under the policy has had driving privileges suspended or revoked
22 pursuant to law during the policy period, or, if the policy is a renewal, during [*its*] **the renewal's**
23 policy period or the 180 days **that** immediately [*preceding its*] **precede the** effective date **of the**
24 **renewal**. An insurer may not cancel a policy for the reason that the driving privileges of the named
25 insured or operator were suspended pursuant to ORS 809.280 (6) or (8) if the suspension was based
26 on a nondriving offense.

27 **(d) The insurer learned that the motor vehicle insured under the policy was previously**
28 **declared a total loss. The insurer, in cancelling a policy or a renewal for the reason set forth**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 **in this paragraph, shall comply with ORS 742.564 (2).**

2 (2) This section *[shall]* **does** not apply to *[any]* a policy or coverage *[which]* **that** has been in
3 effect less than 60 days at the time **the insurer mails or delivers** notice of cancellation *[is mailed*
4 *or delivered by the insurer]* unless *[it]* **the policy or coverage** is a renewal *[policy]*.

5 (3) This section *[shall]* **does** not apply to nonrenewal.

6 **SECTION 4.** ORS 742.564 is amended to read:

7 742.564. (1) *[No]* **A** notice of cancellation of a policy to which ORS 742.562 applies *[shall be]* **is**
8 **not** effective unless *[mailed or delivered by]* the insurer **mails or delivers the notice** to the named
9 insured at least 30 days *[prior to]* **before** the effective date of cancellation and *[accompanied by]*
10 **accompanies the notice with** a statement of the reason or reasons for cancellation, provided,
11 however, that *[where]* **if the** cancellation is for nonpayment of premium, **the insurer shall give** at
12 least 10 days' notice of cancellation *[accompanied by the reason therefor shall be given]* **and ac-**
13 **company the notice with the reason for the cancellation.**

14 (2) **A notice of cancellation of a policy or a renewal for the reason set forth in ORS**
15 **742.562 (1)(d) is not effective unless, in addition to complying with the provisions of sub-**
16 **section (1) of this section, the insurer refunds all premium payments the insured made under**
17 **the policy, or under the renewal, beginning from the effective date of the policy or the re-**
18 **newal to the date of cancellation.**

19 *[(2)]* (3) This section *[shall]* **does** not apply to nonrenewal.

20 **SECTION 5.** Section 2 of this 2013 Act and the amendments to ORS 742.562 and 742.564
21 **by sections 3 and 4 of this 2013 Act apply to insurance policies that are issued or renewed**
22 **on or after the effective date of this 2013 Act.**

23 **SECTION 6.** This 2013 Act being necessary for the immediate s preservation of the public
24 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**
25 **on its passage.**