



# Oregon

Kate Brown, Governor

Department of Consumer and Business Services

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March 3, 2015

Rep. Shemia Fagan, Chair  
House Committee on Consumer Protection and  
Government Effectiveness

**Re: Response to Committee Questions Regarding Oregon Auto Coverages**

Dear Chair Fagan and Members of the Committee,

Thank you for giving the division the opportunity to address the House Committee on Consumer Protection and Government Effectiveness last Thursday on the subject of required auto insurance coverages in Oregon. We wanted to follow up with some of the questions that had remained unanswered.

As much of the testimony focused on PIP/Underinsured Motorist it may be helpful to restate some of the mechanisms of current law. Oregon law ORS 742.500(2)(a) currently requires consumers to purchase Uninsured Motorist coverage (UM). With that coverage, carriers are required to include coverage for Underinsured Motorist coverage (UIM). Consumers are required to purchase an amount of UM/UIM that equals the amount of the liability insurance that they have chosen, but never less than the minimum limits of \$25,000 per person and \$50,000 per accident. Current Oregon law states that “[u]nderinsurance coverage shall be equal to uninsured motorist coverage less the amount recovered from other motor vehicle liability insurance policies.”

In response to the questions of the committee we focused our research on two central questions: 1) How much of the market selects only the minimum auto coverage as required by law? and 2) How often does it occur that consumers attempt to access their underinsured coverage only to find out that they cannot use it?

In regards to the first question, we have very preliminary data that suggests that approximately 25-30% of the market is made up of individuals that select the minimum coverage. We plan to conduct a broader survey of the market and delve deeper into these numbers, and our approximation would be a starting point for our further research. Along with this question we received inquiries about the size of the market and we can provide that based on our 2013 market

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survey that approximately 2.1 million policies were in force for that year with approximately \$2.1 billion in total financial direct premiums written.

In regards to the second question, we were able to sample our consumer complaints and determine that since 2012 we have fielded three consumer complaints concerning underinsured motorist coverage. All three involved potential stacking issues; two of the cases went to arbitration and we do not know the final outcome and the third arrived after the consumer went through the arbitration process and was unsatisfied with the outcome. It should be noted that in addition to filing a complaint with the division a consumer may opt to seek their own legal counsel to pursue their claims, and in those cases we do not have a mechanism for collecting data related to number of complaints or outcomes.

Please let me know if I can be of further assistance to you in providing information or data. As a result of the committee's questions we plan to continue our research into the area of minimum auto coverages and are committed to improving the consumer experience based on the data collected.

Sincerely,

A handwritten signature in black ink, appearing to read 'T.K. Keen', written in a cursive style.

T.K. Keen  
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