

March 12, 2015
Vote YES on Senate Bill 314
Testimony of Alan Ayres, Covallis, OR

Committee Members, my name is Alan Ayres, I'm a building owner and general contractor in Corvallis. I have renovated and re-purposed older buildings in the downtown area for local retail shops, restaurants and a brewpub. For over 20 years I've paid hundreds of thousands of dollars into the insurance system without a claim. I was paying my insurance company to cover three different buildings for me at the time of this incident.

In October 2011 at 3:00 am, a fire broke out in the kitchen of the bakery in my building, likely caused by a space heater left on in the bakery. The official cause of the blaze was ruled "undetermined". The whole interior of the bakery was burned and the adjoining restaurant had extensive smoke damage. My Insurance Company sent out a sub-contracted representative because their regular fire claims adjuster for this area was on vacation. From the start the whole process seemed disorganized and unresponsive. It took 3 more months before anyone actually visited the site. The agent that came out didn't have much experience with commercial buildings and would only use their "exactimate" estimating program. This program is a very constricting way of estimating damage. It works well for cheaply built square sheet-rocked tract houses. It doesn't take into account unusual or specialty structures and craftsmanship like the curved ceilings and large timber beams and trusses that were in the Bakery. These items would have to be entered manually into the program from actual bids. The agent refused to add these components to her estimates and continued to try to apply the low residential reconstruction rates to a complex commercial project. She even insisted on using a per square foot price for rewiring a house to estimate the cost of rewiring this commercial wholesale bakery, a major price difference even according to the software she was using.

At the time of this incident I was very busy with a large project across the street so I hired a restoration company that had experience dealing with insurance companies to clean the restaurant and rebuild the bakery. But after it was clear that they were having trouble getting paid and the work was not progressing I took over as the general contractor and ended up having to use my own savings to get the businesses back open. The adjuster from my insurance company continued to deny reimbursement of my expenses. I have been doing this type of commercial construction for over 20 years and have become very experienced at controlling costs and know that my expenses were far below average.

The real problem with insurance companies employing these tactics is that after a fire most people are, still paying a mortgage while renting a temporary home. They are financially strapped and have to accept whatever they are offered just to stay afloat. It ends up disproportionately hurting people with less savings, lower education, and lacking the wherewithal to challenge these large companies.

Please Vote YES on Senate Bill 314. Thank you.