



March 16, 2015

TO: Senate Judiciary Committee
FROM: American Family Mutual Insurance Company
RE: **SB 314**

Mr. Chair and Committee Members:

My name is Brian Scott. I am the Managing Attorney for American Family Mutual Insurance Company in Oregon. American Family Mutual Insurance Company is strongly opposed to SB 314.

SB 314 adds insurance to Oregon's Unlawful Trade Practices Act (UTPA). The UTPA protects consumers from unfair general business practices by granting the Attorney General jurisdiction over such matters and creating a private cause of action. This bill is unnecessary and costly to insurance consumers.

Insurance was explicitly excluded from Oregon's UTPA law when it was written. As recently as 2010 when the legislature brought banks under the UTPA, insurance again was excluded. Why?

- First and foremost, insurance companies and insurance products are already governed and regulated by the Oregon Insurance Division, which must approve each insurance product and policy. Insurance consumers are also protected by the Insurance Division.
- Under current law, insurers and insurance agents are subject to trade practices laws in ORS 746, including a section entitled Unfair Claim Settlement Practices. This act is in place to protect consumers.
- The Insurance Code gives nearly unlimited authority to the Department of Consumer & Business Services' director to prohibit unfair or deceptive acts by insurers and agents. DCBS also has the authority to issue fines, cease and desist orders and revoke the producer licenses of insurance agents.
- Consumers also have additional recourse through the filing of civil actions against insurance companies or agents under contract law for breach of contract.

Adding UTPA to the current insurance regulatory framework is redundant and will add costs that will inevitably be paid by consumers.

If parties to a dispute ultimately intend to file a UTPA suit, they will respond to the Department of Consumer and Business Service's (DCBS) Insurance Division in much the same way as BOLI is used today in workplace disputes.

In essence, the agency (DCBS) will be used for research and discovery in advance of a UTPA lawsuit instead of resolving the issue equitably. This is the costliest of all outcomes. Ultimately, it's the business or personal insurance consumer who pays the price for this.

Please vote no on SB 314.

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