



## **Standard Insurance Company Requests Your Opposition to SB 313 and 314**

**We solved the stated problem last session.** The Standard has testified against these same bills through a decade's worth of committee hearings. Each session we listen to stories brought by the trial bar about clients who were wronged by "big insurers" and, worse, stories of aggrieved consumers who couldn't find a lawyer to take their case because they're not valuable enough. Each session we urge lawmakers to put these complaints into context and to consider the revenue-generating effect these bills would have for advocates of this legislation. Our customers – over 7 million nationwide – are extremely satisfied with us. That's why we've thrived as an Oregon-headquartered business for almost 110 years, and employ about 3,000 people in high wage jobs today. And a recent DHM survey bears this truth out for other insurers. ***91% of Oregonians who filed a claim in the past five years are satisfied with their insurance carrier.***

Nevertheless, to end the seemingly endless debate, we compromised with advocates to adopt SB 414 in 2013. That new law made an unprecedented grant of authority to the Insurance Division, which may now order claims be paid and also order restitution for damages. This is free to the consumer, no trial lawyer required unless you want one.

**SB 313 and 314 will disproportionately impact Oregon-headquartered insurers.** While proposed to protect Oregon consumers, a significant impact of these bills will be to encourage plaintiffs' lawyers from other states to file suit in Oregon to seek the outsized damages available under these bills. This bill serves as a disincentive to insurers making, and keeping, Oregon their headquarters.

**These bills are aimed at extracting large settlements outside of court, not consumer protection.** These new incentives for litigation will cause more suits, and threats of suits, against insurers who will settle rather than roll the dice in protracted, high stakes litigation. Both California and West Virginia experience bear this out. In 2005, the West Virginia Insurance Commissioner conducted a comprehensive study on the impact of just one provision of SB 313 – third party liability. The Commissioner concluded that West Virginia's injury auto claims were 41.7 percent higher per car, per year than surrounding states without such liability. Calling for repeal of the law, the Commissioner concluded that the result of laws like SB 313 ***"is an insurance climate that is overly litigious and premium rates that are higher because of it."***

**Who's on first? SB 314 would create an Oregon insurance marketplace with two regulators.** By adding the Attorney General into the insurance regulatory framework, SB 314 would create an inefficient and duplicative layer of regulation on Oregon's insurance industry. Oregon's existing insurance regulatory framework is robust, more so now than ever before, and there has been no case made for this regulatory novelty.

**These bills would set up inconsistent consumer remedies based on how insurance was purchased.** The Employee Retirement Income Security Act ("ERISA") pre-empts state remedies for consumers who obtain insurance through a private employer, which is how most people obtain health and life insurance. As such, the new remedies and causes of action sought by these bills – and corresponding cost increases – would disproportionately impact individual purchasers, and government and religious employers who are not governed by ERISA.

**These bills have been recognized by at least four prior Oregon Legislatures as bad policy. We urge your 'NO' vote.**

**Justin Delaney, Vice President and Associate Counsel**