

# House Bill 2346

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Judiciary)

## 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**.

Changes definition of "renewal" to include replacement policies offered by insurer or another insurer within group of companies under common ownership or control.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to renewals of insurance policies by affiliated companies; creating new provisions; amend-  
3 ing ORS 742.560 and 742.700; and declaring an emergency.

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

5 **SECTION 1.** ORS 742.560 is amended to read:

6 742.560. As used in ORS 742.560 to 742.572:

7 (1) "Cancellation" means termination of coverage by an insurer, other than termination at the  
8 request of the insured, during a policy period.

9 (2) "Expiration" means termination of coverage [*by reason of the*] **because the** policy [*having*]  
10 **has** reached the end of the term for which [*it*] **the policy** was issued or the end of the period for  
11 which a premium has been paid.

12 (3) "Nonpayment of premium" means failure of the named insured to discharge when due any  
13 of the insured's obligations in connection with [*the payment of premiums*] **paying a premium** on the  
14 policy, or any installment of [*such*] **a** premium, whether the premium is payable directly to the  
15 insurer or an insurance producer who is [*its*] **the insurer's** agent or indirectly under any premium  
16 finance plan or extension of credit.

17 (4) "Nonrenewal" means a notice by an insurer to the named insured that the insurer is un-  
18 willing to renew a policy.

19 (5) "Policy" means any insurance policy that provides automobile liability coverage, uninsured  
20 motorist coverage, automobile medical payments coverage or automobile physical damage coverage  
21 on individually owned private passenger vehicles, including pickup and panel trucks and station  
22 wagons, that are not used as a public or livery conveyance for passengers, nor rented to others.  
23 However, ORS 742.560 to 742.572 do not apply to any policy:

24 (a) Issued under an automobile assigned risk plan;

25 (b) Insuring more than four automobiles;

26 (c) Covering garage, automobile sales agency, repair shop, service station or public parking  
27 place operation hazards; or

28 (d) Issued principally to cover personal or premises liability of an insured even [*though such*] **if**  
29 **the** insurance may also provide some incidental coverage for liability [*arising*] **that arises** out of  
30 [*the ownership, maintenance or use of*] **owning, maintaining or using** a motor vehicle on the prem-

**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.

ises of *[such]* **the** insured or on the ways immediately adjoining *[such]* **the** premises.

(6) “Renewal” or “to renew” means to continue coverage for an additional policy period *[upon]* **after** expiration of the current policy period *[of a policy]* **for:**

(a) **The specific policy that the insurer issued; or**

(b) **A replacement policy offered by the same insurer or another insurer within a group of companies that is under common ownership or control.** *[Any policy with a policy period or term of less than six months shall for the purpose of ORS 742.560 to 742.572 be considered as if written for a policy period or term of six months. Any policy written for a term longer than one year or any policy with no fixed expiration date shall for the purpose of ORS 742.560 to 742.572 be considered as if written for successive policy periods or terms of one year but not extending beyond the actual term for which the policy was written.]*

**SECTION 2.** Section 3 of this 2015 Act is added to and made a part of ORS 742.560 to 742.572.

**SECTION 3.** For the purposes of ORS 742.560 to 742.572, a policy written with a policy period or term of less than six months has a period or term of six months. For the purposes of ORS 742.560 to 742.572, a policy written with a term longer than one year or without a fixed expiration date has successive policy periods or terms of one year that do not extend beyond the actual term for which the policy was written.

**SECTION 4.** ORS 742.700 is amended to read:

742.700. As used in ORS 742.700 to 742.710:

(1) “Cancellation” means termination of a policy at a date other than *[its]* **the policy’s** expiration date.

(2) “Expiration date” means:

(a) The date upon which coverage under a policy ends; **or**

(b) **The annual anniversary date of a policy with a term longer than one year or without a fixed expiration date.** *[For a policy written for a term longer than one year or with no fixed expiration date, “expiration date” means the annual anniversary date of the policy.]*

(3) “Nonpayment of premium” means *[the failure or inability of the]* **a named [insured] insured’s failure or inability** to discharge any obligation in connection with *[the payment of]* **paying a** premium on a policy of insurance subject to ORS 742.700 to 742.710, whether the payments are payable directly to the insurer or an insurance producer who is *[its]* **the insurer’s** agent or indirectly payable under a premium finance plan or extension of credit.

(4) “Nonrenewal” means *[the refusal of an insurer]* **an insurer’s refusal** to renew a policy at *[its]* **the policy’s** expiration date.

(5) “Renewal” or “renew” means *[the issuance of, or the]* **an insurer’s issuance or** offer to issue *[by an insurer,]* a policy *[succeeding]* **that succeeds:**

(a) A policy **that the same insurer** previously issued and delivered *[by the same insurer];*

(b) **A replacement policy that the same insurer or another insurer within a group of companies that is under common ownership or control offered; or**

(c) *[the issuance of]* A certificate or notice *[extending]* **that extends** the terms of an existing policy for a specified period beyond *[its]* **the policy’s** expiration date.

**SECTION 5.** The amendments to ORS 742.560 and 742.700 by sections 1 and 4 of this 2015 Act apply to policy renewals that occur on or after the effective date of this 2015 Act.

**SECTION 6.** This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect

1 **on its passage.**

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