

February 27, 2017

SENATE COMMITTEE ON BUSINESS AND TRANSPORTATION
Oregon State Senate

Re: Testimony for Monday, February 27, 2017 at 3:00 P.M. for the hearing on SB 332.

Dear Committee Chair and Members and to the Department of Consumer and Business Services:

I am opposing Senate Bill 332, which would allow insurers to provide rebates up to \$100 per year, for the purpose of soliciting and selling home, auto and business insurance to Oregon consumers. This proposal is a disgrace to our regulatory system of fair, honest and transparent insurance pricing in Oregon.

Rebates by insurance companies are not necessary to maintain a competitive insurance environment. They are a marketing gimmick. Rebates are used in classic "bait-and-switch" marketing campaigns. Is that how we want to see our insurance marketplace in the future?

Rebates have real value and a cost. Does that mean insurers wanting to use rebate tactics must include a line item in their rate filings for the cost of the rebate? A \$100 gift from an insurance company could mean the difference of 20-50% or more in the annual premium for a home or auto insurance policy. After the first incentive, what will the rates be? How will your regulators manage this problem? As written, this bill would also allow cash rebates, because cash is "property". None of these concerns is addressed in the rebate proposal.

Insurance is a contract between a consumer and an insurance company. Our regulatory system in Oregon has been set up to protect the retail consumer from being incentivized to buy an insurance contract for the wrong reasons. SB332 is totally contrary to any notion of our State's long-standing history of insurance consumer protection and transparency in rate filings.

I have been in the insurance business over thirty years in Oregon. This is a very bad bill. It is a regulatory Pandora's Box. It is unnecessary. Please oppose this bill.

Thank you for your consideration.



Submitted by:
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