

SB 331 STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

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Meeting Dates: 2/27

WHAT THE MEASURE DOES:

Allows an insurer to offer an insured a replacement policy in lieu of renewing the prior policy if the insurer provides notice to the insured and the insurance producer at least 30 days before the date on which the policy subject to the renewal expires. Permits the insured to cancel the policy within 30 days of receiving notice, and that the earned premium for the period in which the policy was in effect before cancellation must be calculated on a pro rata basis using the current rate or the previous year's rate, whichever is lower. Specifies that new rates and changes in terms for a replacement policy agreed to by the insured become effective the day after the previous policy expires.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

[-1 amendment] Increases from 30 days to 45 days the notice requirement regarding new rates, terms and policy provisions for those provisions to take effect upon effective date of replacement policy. Specifies that the insured may cancel the replacement policy at any time before its effective date. Adds conforming amendments to ORS 742.568.

BACKGROUND:

Senate Bill 331 addresses situations in which an insurer seeks to replace an insurance policy held by an insured with a new policy offered by a different insurance company that is part of a larger group of insurance companies under the same ownership or control as the original insurance company. For such instances, the measure outlines the requirements for the insurer and creates allowance for the insured to cancel the replacement policy prior to it taking effect. Absent action by the insured, the replacement policy takes effect the day after the previous policy expires