



February 24, 2017

Oregon State Legislature
Senate Committee on Business and Transportation

via hand delivery

**RE: SB 331, Relating to the renewal of an insurance policy by an affiliated company –
Nationwide’s verbal testimony in SUPPORT**

Chairman Beyer, Vice-chair Thomsen, and honorable members of the Senate Committee on Business and Transportation. Thank you for affording me the opportunity to speak to you today about Senate Bill 331.

Senate Bill 331 amends current Oregon law to permit insurers another option instead of just renewing or non-renewing an existing insurance policy. It would allow insurers to offer insureds a replacement policy in an affiliated company. A policyholder may accept the replacement offer, or may reject it. Just as they can with a renewal offer.

Nationwide writes policies under a variety of distinct underwriting companies. A number of these underwriting companies no longer accept new members for certain lines of business, but that line remains active for their current books of business.

Maintaining all of those existing companies is costly and inefficient. Every time there is a statutory or regulatory change that affects all policyholders in a particular class or line of insurance, programming changes and any necessary Division of Financial Regulation filings must be made to each underwriting company that has policies in that class. Some of these old companies have been around for a very long time and utilize technology platforms that are less than robust and which are not simple to reprogram.

One of the reasons that Nationwide has historically left closed companies open is because under current Oregon law, the only way to move these policies is to non-renew each remaining policy holder. The company can contemporaneously offer new coverage in a different Nationwide group company, but the customer must first be non-renewed. Nationwide believes this is very confusing to policyholders.

A few years ago Nationwide began an effort to increase our brand identification across the country by officially pulling our disparate brands into the Nationwide name. One of the many elements of this process is a charge to look for opportunities to increase efficiency, including an effort to review the number of open underwriting companies in each state. This includes the potential for closing some of the various books of business and moving them into another Nationwide affiliated underwriting company.

If Senate Bill 331 were to pass and Nationwide chooses to close out some Oregon underwriting companies affected policyholders would receive one notice offering them a replacement policy



in an affiliated company. SB 331 would require this notice include the replacement policy or a description of the terms in the replacement policy that differ from their old policy.

It is worth noting that the same result - an offer of a replacement policy - can be achieved under existing Oregon law. The difference is, with current law the policyholder first has to be told they are losing their coverage.

Nationwide believes that allowing affiliate transfers as an alternative to a non-renewal is a consumer friendly idea when accompanied by appropriate consumer protection provisions. We feel that SB 331 fulfills this goal.

Nationwide respectfully requests that you vote YES on SB 331.

Thank you for your time and attention. Please feel free to contact me at 720-889-1242 or at crawfm12@nationwide.com, if you would like to discuss Nationwide's testimony.

Respectfully,

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