



**April 3, 2017**

**TO:** The Honorable Lee Beyer, Chair, Senate Committee on Business & Transportation  
The Honorable Chuck Thomsen, Vice-Chair, Senate Com. Business & Transportation  
Members, Senate Committee on Business & Transportation

**FROM:** Katherine Pettibone, American Insurance Association  
Christian Rataj, National Association of Mutual Insurance  
Melanie Smith, Property and Casualty Insurers Association of America

**RE: SB 985 COMMERCIAL MODERNIZATION**

**POSITION: SUPPORT**

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The American Insurance Association (AIA), National Association of Mutual Insurance Companies (NAMIC) and the Property and Casualty Insurers Association of America (PCI) are pleased to support SB 985, as it represents an appropriate, balanced and modern approach to regulating commercial insurance markets in the State of Oregon.

Our members believe a dynamic regulatory system with reduced frictional barriers allows businesses purchasing insurance to benefit from a broad range of competitive price options and insurance products that can be readily customized to fit their individual risk profiles. Current rate and form filings limit the ability of businesses to gain the benefit of robust market competition and can limit the range of available product choices by discouraging new market entrants and making it harder for existing competitors to develop new products. Businesses are demanding products that fit their operational needs.

Other states have adopted similar approaches to the regulation of commercial insurance without any negative or unanticipated consequences. For example, Arizona, Michigan and Minnesota have adopted laws and regulations far broader than those in SB 985, with these states eliminating filing requirements for virtually all commercial lines of insurance. In New York, lawmakers established the "Free Trade Zone," permitting more than 130 different types of commercial insurance coverage to be written without filing rates or forms with state insurance regulators and establishing a \$25,000 annual threshold for their large commercial insured filing exemption. In New Jersey, lawmakers eliminated filings for commercial risks generating \$10,000 or more of annual premium on a single policy or an aggregate annual premium of \$25,000 or more. In the same law, New Jersey exempted excess and umbrella products from filing and granted the insurance commissioner power to promulgate a list of additional lines of business exempt from filing. And, Illinois has not had a law requiring filing of insurance rates since 1971.

Not only have these states not experienced any problems related to the adoption of commercial lines' filing exemptions but, to the best of our knowledge, none of these states – or any other states with similar laws – have ever proposed repealing their commercial lines' insurance filing exemptions. SB 985 does not change any of the substantive requirements imposed on insurers doing business in the admitted market, nor does it change an insurer's appetite to write a risk. It simply modernizes and encourages the speedy delivery of specialized products to business customers, helping Oregon's commercial market to be competitive and robust. "Speed to market" is a major benefit of SB 985 and it will increase the competitive pressure on insurers to timely introduce products designed to cover emerging risks for the benefit of their customers.

For these reasons, we are pleased to support SB 985 and urge your support. Thank you.