



RED SHIELD
INSURANCE COMPANY®
"A" Division

Phone: 503-226-4146

Fax: 503-226-6017

1411 SW Morrison Street, Suite 400
Portland, Oregon 97205-1945

Date: April 5, 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: Christopher F. Jones, CPCU, President, Red Shield Insurance Company

On behalf of Red Shield Insurance Company, thank you for the opportunity to submit testimony in opposition of Senate Bill 985.

Red Shield Insurance Company, a property and casualty insurance company, with its operations office located in Portland OR, strongly objects to the above proposed bill.

The bill alludes to the notion that there is a need for a more competitive market. Oregon has a healthy competitive insurance marketplace. This is confirmed by the fact that coverages are expanding and rates are dropping in most lines of coverage.

State law 742.003 currently allows for certain lines of risk to be unregulated such as, Wet Marine and Transportation, Surplus Lines, and Reinsurance. 742.300 does not allow traditional lines procured for the general public such as Commercial Property, Pollution, Product Liability, and Boiler and Machinery to be unregulated in the admitted market. These and all other classes of risk have been regulated for some time and provide stability, uniformity, and competitive pricing for the general public.

Reasons for non-regulated lines has had to do with tradition, complexity, severity, and the more limited number of insureds affected.

The reason for regulation is simple. To protect the consumer and to make sure companies are charging rates which are both fair to the buyer and adequate for the solvency of the company.

Please do not assume that customary lines of risk that have been regulated for some time, will be better for the buyer of insurance or the companies providing insurance unregulated. Over time it will most likely lead to less competition, less coverage and higher premiums in the end.

In the beginning, an unregulated market may well bring in more insurance markets. Large national companies, due to spread of risk, may be able to increase market share by offering more coverage at lesser rates. Over time the market share of a few companies will be such that there will be less competition which may lead to less coverage at higher rates.

Red Shield believes that the subject of deregulation should be given extensive thought before the matter is decided. We believe that this matter has not been properly vetted by all stakeholders where a good revision of current law can be implemented in the short time allowed in this current legislative session.

If the State wishes to accomplish some movement on the subject, Red Shield would back the thought that classes of business (risk) that affects the larger general population (Main Street business), many having less sophistication, should continue to be regulated. For lines of business

Page 2
April 5, 2017
Re: Senate Bill 985

that affect larger personal/commercial entities with higher levels of sophistication, deregulation should be allowed.

If the state wishes to embrace the concept of having classes of risk being available to the market in a more timely basis, the State might adopt File and Use regulatory review for forms and rates. The State would still oversee the forms and rates filing, which would allow after action review. If a filing is deemed unacceptable upon review after the File and Use period, actions taken should only apply moving forward.

Thank you for taking the time to review Red Shield Insurance Co. concerns on such an important topic.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Jones", with a stylized flourish at the end.

Christopher F. Jones, CPCU
President