

SB 977

April 12, 2017

Senate Committee on Judiciary

Dear Mr. Chair and Members of the Committee:

My name is Kelsey Wood, and I own Gordon Wood Ins. & Financial Services in Roseburg. **I oppose SB 977 as a small business person.**

SB 977 will dampen the enthusiasm for employers to take the risk on hiring and investing in new business professionals. This will disrupt all existing insurance agency/ producer agreements because there is no sunset clause for existing agreements. Six months is useless for any non-piracy agreement to be effective.

Any contract utilizing a two year non-compete is doing so to protect value. Under current law, my agency retains the leaving producers' book of business, and has protection from "theft" for almost two years. This gives my agency two years to "win those clients over." My agency poured value into that producer to help build that book, likely offered producer to buy this book upon leaving (to properly compensate the agency for their investment in the producer). Under SB 977, producer says "no thanks" to the purchase back, leaves, waits six months, and steals the customers back from the agency for free.

What will the landscape look like for the future then? I'll hire a producer, invest in them and I will have little protection in keeping their book if they leave, knowing they can just steal it back. So, do I rewrite my contracts so the producer owns the book then and upon leaving, owes the agency? And what do I have as leverage to ensure that they pay me? I become a regular creditor to someone starting at zero income? Assignment of commissions won't work either, the producer simply rewrites to another company, and revenues to agency peter out down to very little at the end of one year. So, how's an agency to invest in a producer?

SB 977 appears to have a dampening effect on insurance agencies hiring producers, and will likely also harm other kinds of small businesses like mine.

I am asking for your no vote on SB 977.

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