

**SB 331 A STAFF MEASURE SUMMARY**

**Carrier:** Sen. Beyer

**Senate Committee On Business and Transportation**

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**Action Date:** 02/27/17  
**Action:** Do pass with amendments. (Printed A-Eng.)  
**Vote:** 5-0-0-0  
**Yeas:** 5 - Beyer, Girod, Monroe, Riley, Thomsen  
**Fiscal:** No fiscal impact  
**Revenue:** No revenue impact  
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**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 45 days before the date on which the policy is subject to the renewal expires. Permits the insured to cancel the policy at any time before the effective date, 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:**

- Used by insurers to transfer policies from older underwriters to new ones
- Intended to eliminate confusion about why existing policy is not being renewed

**EFFECT OF AMENDMENT:**

Increases from 30 days to 45 days the notice requirement regarding new rates, terms and policy provisions for those provisions that 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. Under current law, the only way for an insurer that offers lines of insurance through multiple, distinct underwriting companies to transfer a policyholder from one of its holding companies to another is to not renew the policy, which can be confusing for the insured individual. 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, a replacement policy offered by an insurer through another subsidiary takes effect the day after the previous policy expires