

SB 985 B STAFF MEASURE SUMMARY

Carrier: Rep. Doherty

House Committee On Business and Labor

Action Date: 05/22/17

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Vote: 8-0-1-0

Yeas: 8 - Barreto, Bynum, Doherty, Fahey, Hack, Heard, Holvey, Kennemer

Exc: 1 - Evans

Fiscal: No fiscal impact

Revenue: No revenue impact

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WHAT THE MEASURE DOES:

Exempts insurers that transact specified classes of commercial insurance from the requirement to file rates or policy forms with the Department of Consumer and Business Services (DCBS). Specifies lines of insurance that are not exempt from rate and form filing requirements. Specifies DCBS may adopt rules to exempt or amend rate and form filing requirements for commercial lines of insurance if a requirement is not desirable or necessary to protect public and if exemption or amendment would enhance competition.

ISSUES DISCUSSED:

- Which lines of commercial insurance should be exempt
- Whether measure will have negative impact on small business owners
- Role brokers play in consumer protection and competition
- Ability of Department to exempt other lines of insurance if conditions are met

EFFECT OF AMENDMENT:

Narrows commercial lines of insurance that are exempt from rate and form filing requirements. Specifies that DCBS may adopt rule to exempt or amend the rate and form filing requirements for commercial lines of insurance if a requirement is not desirable or necessary to protect the public and if the exemption or amendment would enhance competition. Deletes proposal granting permission to surplus lines broker to purchase insurance from eligible nonadmitted insurer without making diligent search of admitted insurers.

BACKGROUND:

The Division of Financial Regulation of the Department of Consumer and Business Services (DCBS) is the regulatory body for the Oregon insurance industry. Insurers dealing in certain lines of insurance, such as health insurance plans, are required to file proposed rates and policy forms with DCBS, which posts filings and tables with proposed rates prior to making decisions.

Senate Bill 985-B exempts several classes of commercial insurance from rate and policy form filing requirements. DCBS is given authority to adopt rules to exempt or amend the rate and form filing requirements for any commercial line of insurance if the existing requirement is undesirable or unnecessary to protect the public and if the exemption or amendment will enhance competition. The measure applies only to commercial lines of insurance and not insurance sold to consumers primarily for personal, family or household purposes.