

Senate Bill 985

Sponsored by COMMITTEE ON BUSINESS AND TRANSPORTATION

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Exempts insurers that transact certain classes of commercial insurance from requirement to file rates or policy forms. Specifies circumstances in which exemption does not apply.

A BILL FOR AN ACT

1 Relating to commercial insurance filing requirements.

2 The Legislative Assembly finds that:

3 (1) Businesses in this state benefit when competitive markets govern transactions among busi-
4 nesses;

5 (2) A reasonable degree of competition exists now in the commercial lines property and casualty
6 insurance market;

7 (3) Reducing barriers to a rapid introduction of new and innovative business insurance products
8 in this state would enhance competition in commercial lines insurance; and

9 (4) The Department of Consumer and Business Services must retain the power to intervene in
10 specific commercial lines of insurance if a reasonable degree of competition does not exist.

11 **Be It Enacted by the People of the State of Oregon:**

12 **SECTION 1. Section 2 of this 2017 Act is added to and made a part of the Insurance Code.**

13 **SECTION 2. (1) Notwithstanding provisions of the Insurance Code that require insurers**
14 **to file rates and policy forms with the Director of the Department of Consumer and Business**
15 **Services, and except as provided in subsections (3), (4) and (5) of this section, an insurer is**
16 **exempt from the requirement to file with the director rates or policy forms for the classes**
17 **of insurance specified in subsection (2) of this section.**

18 (2)(a) The following classes of insurance are subject to the exemption described in sub-
19 section (1) of this section:

20 (A) Aircraft liability and hull insurance;

21 (B) Surety insurance;

22 (C) Inland marine insurance;

23 (D) Marine and transportation insurance;

24 (E) Wet marine and transportation insurance;

25 (F) Boiler and machinery insurance;

26 (G) Environmental impairment and pollution insurance;

27 (H) Kidnap and ransom insurance;

28 (I) Political risk or expropriation insurance;

29 (J) Directors and officers liability insurance;

30 (K) Fiduciary liability insurance;

31

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

- 1 **(L) Employment practices liability insurance;**
- 2 **(M) Errors and omissions and professional liability insurance;**
- 3 **(N) Media liability insurance;**
- 4 **(O) Commercial travel risk insurance, including accidental death and dismemberment**
- 5 **insurance;**
- 6 **(P) Product liability and product recall insurance;**
- 7 **(Q) Insurance coverage for information technology security and for losses that arise out**
- 8 **of or are related to breaches of security involving personal information, network security,**
- 9 **computer viruses and related losses;**
- 10 **(R) Commercial property insurance;**
- 11 **(S) Commercial flood insurance;**
- 12 **(T) Umbrella or excess insurance;**
- 13 **(U) Any other commercial lines insurance coverage, other than coverage specified in**
- 14 **subsection (3) of this section, that a policyholder has if the policyholder pays aggregated**
- 15 **monthly insurance premiums of \$10,000 or more; and**
- 16 **(V) Any other commercial insurance the director specifies by rule for the purpose of**
- 17 **enhancing competition.**
- 18 **(b) An exemption for the classes of insurance described in paragraph (a) of this sub-**
- 19 **section applies whether the insurer provides the insurance as a stand-alone policy, as an**
- 20 **endorsement or as part of other insurance coverage.**
- 21 **(3) The following classes of insurance are not exempt under subsection (1) of this section:**
- 22 **(a) Workers' compensation insurance;**
- 23 **(b) Medical malpractice liability insurance;**
- 24 **(c) Commercial automobile liability insurance policies that cover four or fewer motor**
- 25 **vehicles; and**
- 26 **(d) Any coverage an insurer issues under an assigned risk plan or through a residual**
- 27 **market pool or facility.**
- 28 **(4) This section does not apply to any class or line of insurance that an insurer transacts**
- 29 **with a consumer, as defined in ORS 746.600.**
- 30 **(5)(a) The director may require for a period not longer than one year that insurers that**
- 31 **transact a specific class of insurance file rate or policy forms for the specific class of in-**
- 32 **surance as otherwise provided in the Insurance Code if the director determines after a**
- 33 **hearing that a reasonably adequate degree of competition does not exist for the specific class**
- 34 **of insurance.**
- 35 **(b) In making a determination under paragraph (a) of this subsection, the director shall**
- 36 **disclose in writing the specific tests and other bases for the director's determination.**
- 37 **(c) If the director does not make the disclosures described in paragraph (b) of this sub-**
- 38 **section, competition in the specific class of insurance is presumed to be reasonably adequate.**
- 39 **(6) Notwithstanding any other law to the contrary, this section does not repeal, expressly**
- 40 **or by implication, any law that requires an insurer to file a rate or policy form for the**
- 41 **classes of insurance described in subsection (2) of this section. Such laws apply if the direc-**
- 42 **tor makes a determination under subsection (5) of this section and, subject to the provisions**
- 43 **of this section, as otherwise provided in the Insurance Code.**
- 44 **(7) The director may adopt rules to implement this section.**
- 45 **SECTION 3. Section 2 of this 2017 Act applies to insurance that an insurer transacts and**

1 **to an insurance policy that an insurer issues or renews on or after the effective date of this**
2 **2017 Act.**

3
