

# D R A F T

## SUMMARY

Permits insurer to exclude from coverage under motor vehicle liability insurance policy person other than named insured based on certain specified criteria.

### A BILL FOR AN ACT

Relating to coverage exclusions under motor vehicle liability insurance policies; creating new provisions; and amending ORS 742.450.

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

**SECTION 1.** ORS 742.450 is amended to read:

742.450. (1) Every motor vehicle liability insurance policy issued for delivery in this state [*shall*] **must** state the name and address of the named insured, the coverage afforded by the policy, the premium charged [*therefor*] **for the policy**, the policy period and the limits of liability.

(2) Every motor vehicle liability insurance policy issued for delivery in this state [*shall*] **must** contain an agreement or indorsement stating that, as respects bodily injury and death or property damage, or both, the insurance provides either:

(a) The coverage described in ORS 806.070 and 806.080; or

(b) The coverage described in ORS 806.270.

(3) The agreement or indorsement required by subsection (2) of this section [*shall*] **must** also state that the insurance provided is subject to all the provisions of the Oregon Vehicle Code relating to financial responsibility requirements as defined in ORS 801.280 or future responsibility filings as defined in ORS 801.290, as appropriate.

(4) Every motor vehicle liability insurance policy issued for delivery in this state *[shall]* **must** provide liability coverage to at least the limits specified in ORS 806.070.

(5) Every motor vehicle liability insurance policy issued for delivery in this state *[shall]* **must** provide liability coverage, up to the limits of coverage under the policy for a vehicle owned by the named insured, for the operation by the named insured of a motor vehicle provided to the named insured, without regard to whether the named insured is charged for the use of the motor vehicle, if:

(a) The motor vehicle is provided to the named insured by a person engaged in the business of repairing or servicing motor vehicles; and

(b) The motor vehicle is provided to the named insured as a temporary replacement vehicle while the named insured's vehicle is being repaired or serviced.

*[(6) A motor vehicle liability insurance policy issued for delivery in this state may exclude by name from coverage required by subsection (2)(a) of this section any person other than the named insured, for any of the reasons stated in subsection (7) of this section. When an insurer excludes a person as provided by this subsection, the insurer shall obtain a statement or indorsement, signed by each of the named insureds, that the policy will not provide any coverage required by subsection (2)(a) of this section when the motor vehicle is driven by any named excluded person.]*

*[(7) A person may be excluded from coverage under a motor vehicle liability insurance policy as provided in subsection (6) of this section:]*

*[(a) Because of the driving record of the person. The Director of the Department of Consumer and Business Services by rule may establish restrictions on the use of the driving record in addition to other restrictions established by law.]*

*[(b) Because of any reason or set of criteria established by the director by rule.]*

**(6)(a) A motor vehicle liability insurance policy issued for delivery**

1 in this state may exclude from coverage required under subsection  
2 (2)(a) of this section:

3 (A) Any person by name, other than the named insured, for any of  
4 the reasons stated in subsection (7)(a)(A)(i) or (B) of this section; or

5 (B) Any person other than the named insured for any of the reasons  
6 stated in subsection (7)(a)(A)(ii) or (iii) or (B) of this section.

7 (b) An insurer, before issuing or renewing a motor vehicle liability  
8 insurance policy, may require the policyholder to submit a signed  
9 written statement that lists each driver who is a resident of the same  
10 household and for whom the policyholder intends to have coverage  
11 under the motor vehicle liability insurance policy. The Director of the  
12 Department of Consumer and Business Services by rule may prescribe  
13 the form and contents of the statement.

14 (c) If an insurer excludes a person under paragraph (a)(A) of this  
15 subsection, the insurer shall state in writing, and obtain the signa-  
16 tures of all named insureds on the statement, that the motor vehicle  
17 liability insurance policy will not provide coverage required under  
18 subsection (2)(a) of this section to a person the insurer excluded.

19 (d) If an insurer excludes a person under paragraph (a)(B) of this  
20 subsection, the insurer shall:

21 (A) State the exclusion in writing in the motor vehicle liability in-  
22 surance policy and disclose in a separate written statement at the time  
23 a named insured applies for or renews the motor vehicle liability in-  
24 surance policy that the policy will not provide coverage required under  
25 subsection (2)(a) of this section to a person the insurer excluded; and

26 (B) Comply with any other requirements the director specifies by  
27 rule.

28 (7)(a) A person may be excluded from coverage under a motor ve-  
29 hicle liability insurance policy as provided in subsection (6) of this  
30 section:

31 (A) Because of the person's:

1 (i) Driving record;

2 (ii) Status as a person who is residing in the same household as the  
3 named insured without disclosure to the insurer as a possible driver  
4 of any motor vehicle covered by the motor vehicle liability insurance  
5 policy within 45 days after the person began residing in the same  
6 household as the named insured or became a licensed driver, which-  
7 ever occurs later; or

8 (iii) Residence in the same household as the named insured and el-  
9 igibility for driving privileges in this state without disclosure to the  
10 insurer as a possible driver of the motor vehicle covered by the motor  
11 vehicle liability insurance policy within 45 days after becoming eligible  
12 for driving privileges or beginning residence in the same household as  
13 the named insured, whichever occurs later.

14 (B) For any reason or set of criteria the director specifies by rule.

15 (b) The director by rule:

16 (A) Shall specify forms and language for insurers to use for the  
17 disclosures required in paragraph (a)(A)(ii) and (iii) of this subsection;  
18 and

19 (B) May establish restrictions on an exclusion under paragraph  
20 (a)(A) of this subsection in addition to other restrictions established  
21 by law.

22 (8) Except as provided in subsection (7) of this section, every motor  
23 vehicle liability insurance policy issued for delivery in this state [shall]  
24 must contain a provision that provides liability coverage for each family  
25 member of the insured residing in the same household as the insured in an  
26 amount equal to the amount of liability coverage purchased by the insured.

27 **SECTION 2.** The amendments to ORS 742.450 by section 1 of this  
28 2020 Act apply to motor vehicle liability insurance policies that an  
29 insurer issues or renews on or after the effective date of this 2020 Act.