

HB 2787-3
(LC 3747)
3/27/19 (TSB/ps)

Requested by HOUSE COMMITTEE ON BUSINESS AND LABOR (at the request of Lloyd's America, Inc.)

**PROPOSED AMENDMENTS TO
HOUSE BILL 2787**

1 On page 1 of the printed bill, line 3, after “ORS” insert “731.808,” and
2 delete “735.470” and insert “735.430”.

3 On page 3, delete lines 30 through 45 and delete page 4 and insert:

4 **“SECTION 3.** ORS 735.430 is amended to read:

5 “735.430. (1) The Surplus Line Association of Oregon [*shall be*] **is** the ad-
6 visory organization of surplus lines licensees to:

7 “(a) Facilitate and encourage compliance by resident and nonresident
8 surplus lines licensees with the laws of this state and the rules of the Di-
9 rector of the Department of Consumer and Business Services relative to
10 surplus lines insurance;

11 “(b) Provide means for the examination, which [*shall*] **must** remain con-
12 fidential as provided in ORS 705.137, of all surplus lines coverage written
13 by resident and nonresident surplus lines licensees to determine whether the
14 coverages comply with the Oregon Surplus Lines Law;

15 “(c) Communicate with organizations of admitted insurers with respect to
16 the proper use of the surplus lines market;

17 “(d) Receive and disseminate to resident and nonresident surplus lines
18 licensees information relative to surplus lines coverages; and

19 “(e) At the request of the director, receive and collect on behalf of the
20 state and remit to the state premium receipts taxes for surplus lines **and**
21 **wet marine and transportation** insurance [*pursuant to*] **under** ORS 735.417

1 or 735.470 or section 4 of this 2019 Act.

2 “(2) The Surplus Line Association of Oregon shall file with the director:

3 “(a) A copy of *[its]* **the association’s** constitution, articles of agreement
4 or association or certificate of incorporation;

5 “(b) A copy of *[its]* **the association’s** bylaws and rules governing *[its]* **the**
6 **association’s** activities;

7 “(c) A current list of members;

8 “(d) The name and address of a resident of this state upon whom notices
9 or orders of the director or processes issued at the direction of the director
10 may be served;

11 “(e) An agreement that the director may examine the Surplus Line Asso-
12 ciation of Oregon in accordance with the provisions of this section; and

13 “(f) A schedule of fees and charges.

14 “(3) The director may make or cause to be made an examination of the
15 Surplus Line Association of Oregon. The reasonable cost of any *[such]* ex-
16 amination *[shall]* **must** be paid by the association *[upon presentation to it*
17 *by the director of]* **at the time the director presents** a detailed account **to**
18 **the association** of each cost. The officers, managers, agents and employees
19 of the association may be examined at any time, under oath, and shall ex-
20 hibit all books, records, accounts, documents or agreements governing *[its]*
21 **the association’s** method of operation. The director shall furnish two
22 copies of the examination report to the association and shall notify the as-
23 sociation that *[it]* **the association** may, within 20 days *[thereof]* **after re-**
24 **ceiving the report**, request a hearing on the report or on any facts or
25 recommendations *[therein]* **in the report**. If the director finds **that** the as-
26 sociation or any member *[thereof]* **of the association** *[to be in violation of]*
27 **has violated** ORS 735.400 to 735.495, the director may issue an order re-
28 quiring the discontinuance of *[such]* **the** violation.

29 “(4)(a) The Surplus Line Association of Oregon may charge resident and
30 nonresident surplus lines licensees and *[nonresident producing]* insurance

1 producers a fee for reviewing surplus lines **and wet marine and transpor-**
2 **tation insurance** policies and for collecting, on behalf of the state, taxes
3 imposed under ORS 735.470 **and section 6 of this 2019 Act.**

4 “(b) The association may charge insureds a fee for collecting, on behalf
5 of the state, reports required and taxes imposed under ORS 735.417.

6 “(c) The association shall adopt bylaws implementing paragraphs (a) and
7 (b) of this subsection.

8 **“SECTION 4.** ORS 731.808 is amended to read:

9 **“731.808.** As used in ORS 731.804, 731.812 and 731.820 **and section 6 of**
10 **this 2019 Act,** ‘gross amount of premiums’ means the consideration paid by
11 insureds to an insurer for policies of insurance, and includes all premiums,
12 assessments, dues and fees received or derived, or obligations taken therefor,
13 by whatever term known.

14 **“SECTION 5.** Section 6 of this 2019 Act is added to and made a part
15 **of ORS 731.808 to 731.828.**

16 **“SECTION 6.** An insurance producer shall pay to the Director of the
17 **Department of Consumer and Business Services a premium tax that**
18 **is equal to three-fourths of one percent of the gross amount of pre-**
19 **miums the insurance producer receives for wet marine and transpor-**
20 **tation insurance that the insurance producer places with unauthorized**
21 **or nonadmitted insurers if the insured’s home state is Oregon.**

22 **“SECTION 7.** Section 6 of this 2019 Act and the amendments to ORS
23 **731.808, 731.824, 731.828 and 735.430 by sections 1 to 4 of this 2019 Act**
24 **apply to contracts for insurance that an insurer issues or renews on**
25 **or after the effective date of this 2019 Act.”.**

26