

**HB 3272 A STAFF MEASURE SUMMARY****Carrier:** Rep. Marsh**House Committee On Business and Labor****Action Date:** 04/12/21**Action:** Do pass with amendments. (Printed A-Eng.)**Vote:** 11-0-0-0**Yeas:** 11 - Bonham, Boshart Davis, Breese-Iverson, Bynum, Clem, Evans, Fahey, Grayber, Holvey, Post, Witt**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Prepared By:** Jan Nordlund, LPRO Analyst**Meeting Dates:** 3/10, 4/5, 4/12**WHAT THE MEASURE DOES:**

Requires insurer to allow homeowner insurance policyholder at least 24 months of additional living expense, subject to policy limits, and at least 24 months to repair, rebuild, or replace damaged property if the insurance policy requires an insured to repair, rebuild, or replace damaged property in order to collect full replacement cost and if the property is located in an area subject to a declared state of emergency. Requires insurer to provide 12 additional months of additional living expenses and time to repair, rebuild, or replace if the homeowner encounters unavoidable construction-related delays. Prohibits policy from limiting or denying payment on the basis that the policyholder chose to rebuild in a new location or to purchase an existing structure in a new location when the insured structure was a total loss. Requires a policy covering the policyholder's residence to allow the policyholder to combine payments for claims for damage to primary dwelling and other structures if policy limits on the residence are insufficient; operative July 1, 2022. Requires insurer to offer policyholder at least every other year at time of renewal an estimate of cost necessary to rebuild or replace the covered property. Specifies that policyholder must provide information necessary to prepare the estimate. Applies to policies issued or renewed on or after the effective date. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Lessons learned from September 2020 wildfires
- Deleting proposed private right of action to focus on insurance policy requirements
- Whether insurers will choose not to write insurance in Oregon given the provisions of the bill
- Whether bill will result in larger premium
- Number of insurance-related complaints filed with Department of Consumer and Business Services

**EFFECT OF AMENDMENT:**

Removes private right of action to recover damages resulting from unfair claim settlement practice prohibited by ORS 746. 230. Removes requirement establishing duty of reasonable due care for insurance producer toward the insured. Narrows to homeowner insurance policies the provisions regarding length of time to provide additional living expenses and time to rebuild. Modifies minimum amount of time in which additional living expenses are provided, subject to policy limits, and for policyholder to repair, rebuild, or replace property. Clarifies that insurer must provide homeowner, at time of renewal, an *opportunity* to obtain cost estimate to rebuild or replace property if policyholder provides information necessary for insurer to prepare an estimate. Adds operative date of July 1, 2022.

**BACKGROUND:**

The September 2020 wildfires destroyed more than 4,000 homes across eight counties, as reported by *The Oregonian*. Homeowners fortunate to have insurance coverage may have been disappointed to discover that they purchased coverage that was insufficient or that required rebuilding on the same property and within a one-year

*This summary has not been adopted or officially endorsed by action of the committee.*

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timeframe. Given that some communities suffered extensive damage, the demand for construction services may outstrip supply, leading to delays to rebuild or repair, as well as delays in obtaining necessary building permits. The Department of Consumer and Business Services reports that 28 insurers had agreed to allow at least two years to rebuild or replace damaged property.

House Bill 3272 A requires insurers to provide a minimum of 24 months of additional living expenses, subject to policy limits, and time to repair, rebuild, or replace property if the property is in a location that was subject to a declared state of emergency. An additional 12 months is required if the policyholder encounters unavoidable delays. The measure prohibits an insurer from denying or limiting payment if the policyholder rebuilds in a new location or purchases an existing structure when the insured structure was a total loss.