

B-Engrossed
House Bill 3272

Ordered by the Senate May 26
Including House Amendments dated April 15 and Senate Amendments
dated May 26

Sponsored by Representative MARSH; Representatives CAMPOS, DEXTER, FAHEY, GOMBERG, GRAYBER, HAYDEN, HUDSON, KOTEK, KROPF, LIVELY, MEEK, MORGAN, PHAM, POWER, REYNOLDS, SCHOUTEN, SMITH DB, VALDERRAMA, WILLIAMS, WITT, Senators JAMA, KENNEMER, RILEY

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.

Requires insurer that provides coverage for full replacement costs of damaged or destroyed property to allow insured not less than 12 months within which to repair, rebuild or replace damaged or lost property or, if damage or loss to property occurred in location subject to declaration of emergency **and damage or loss is directly related to emergency**, not less than 24 months. Requires insurer to provide insured with additional living expenses for period of 24 months after date of damage to or loss of insured's primary dwelling if damage or loss occurred in location subject to declaration of emergency **and damage or loss is directly related to emergency**.

Requires insurer to add time to allowable period for repairing, rebuilding or replacing damaged or lost property and for providing additional living expenses in increments of six months for total period of not more than 24 months for repairing, rebuilding or replacing damaged or lost property, or not more than 36 months if property was located in location that was subject to declaration of state of emergency, and not more than 36 months of additional living expenses.

[Requires policy of property insurance or casualty insurance that covers insured's dwelling to permit insured to combine payments up to policy limits for claims of damage to or loss of insured's primary dwelling and other structures and for any covered expenses necessary to rebuild or replace damaged or lost dwelling or other structure if policy limits are insufficient.]

Provides that policy of homeowner insurance must require insurer to combine coverage limits that apply to claims for loss of insured's primary dwelling and claims for loss of other covered structures if loss occurs in location that was subject to declaration of emergency, loss is directly related to emergency and coverage limit that applies to insured's primary dwelling is insufficient to pay for rebuilding or replacing primary dwelling. Caps amount that insurer must pay under combined coverage limits.

Requires insurer to provide insured with opportunity to obtain estimate of cost to repair, rebuild or replace damaged or lost property every other year at time insurer offers to renew insurance policy if insured provides information necessary for estimate. Prohibits policy of property insurance or casualty insurance from limiting or denying payment of replacement cost or building code upgrade cost for damaged or lost property on basis that insured has decided to rebuild or purchase existing structure in new location.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to insurance; and declaring an emergency.

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

4 **SECTION 1. Sections 2, 3 and 4 of this 2021 Act are added to and made a part of ORS**
5 **chapter 742.**

6 **SECTION 2. (1) As used in this section:**

7 (a) **"Homeowner insurance" has the meaning given that term in ORS 746.600.**

8 (b) **"Property" means structures and dwellings, and the contents of structures and**
9 **dwellings, that are covered by a policy of homeowner insurance.**

10 **(2) If a policy of homeowner insurance requires an insured to repair, rebuild or replace**

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 **damaged or lost property in order to collect the full replacement cost for the property, the**
2 **insurer shall, subject to the policy limits:**

3 **(a) Allow an insured to repair, rebuild or replace damaged or lost property:**

4 **(A) In not fewer than 12 months after the date of the insurer's initial payment toward**
5 **the cash value of the property that was damaged or lost; or**

6 **(B) In not fewer than 24 months after the date of the insurer's initial payment toward**
7 **the cash value of the primary dwelling of the insured that was damaged or lost, if the dam-**
8 **age or loss occurred in a location that was subject to a declaration of a state of emergency**
9 **under ORS 401.165 and the damage or loss is directly related to the emergency that was the**
10 **subject of the declaration.**

11 **(b) Provide additional living expenses to an insured, subject to the policy limits for addi-**
12 **tional living expenses, for a period of 24 months after the date of the damage or loss to the**
13 **insured's primary dwelling if the damage or loss occurred in a location that was subject to**
14 **a declaration of a state of emergency under ORS 401.165 and the damage or loss is directly**
15 **related to the emergency that was the subject of the declaration.**

16 **(c) Add time to each of the periods described in paragraphs (a) and (b) of this subsection**
17 **in increments of six months for a total period of not more than 24 months under paragraph**
18 **(a)(A) of this subsection and a total period of not more than 36 months under paragraphs**
19 **(a)(B) and (b) of this subsection if an insured, acting in good faith and with reasonable dili-**
20 **gence, encounters unavoidable delays in obtaining a construction permit, lacks necessary**
21 **construction materials, lacks available contractors to perform necessary work or encounters**
22 **other circumstances beyond the insured's control.**

23 **(3) Subsection (2) of this section does not prohibit an insurer from allowing an insured**
24 **additional time to collect the full replacement cost for lost or damaged property or for ad-**
25 **ditional living expenses.**

26 **(4) A policy of homeowner insurance may not limit or deny a payment of the replacement**
27 **cost or building code upgrade cost, including a payment of any extended replacement cost**
28 **available under the policy coverage, for an insured's structure that was a total loss on the**
29 **basis that the insured decided to rebuild in a new location or to purchase an existing struc-**
30 **ture in a new location if the policy otherwise covers the replacement cost or building code**
31 **upgrade cost, except that the measure of indemnity may not exceed the replacement cost,**
32 **building code upgrade cost or extended replacement cost for repairing, rebuilding or replac-**
33 **ing the structure at the original location of the loss.**

34 **SECTION 3. If a loss covered under a policy of homeowner insurance, as defined in ORS**
35 **746.600, occurs in a location that was subject to a declaration of emergency under ORS**
36 **401.165 and the loss is directly related to the emergency that was the subject of the decla-**
37 **ration, the policy of homeowner insurance must require the insurer to combine coverage**
38 **limits that apply to claims for a loss of the insured's primary dwelling and claims for a loss**
39 **of other covered structures if the coverage limit that applies to the insured's primary**
40 **dwelling is insufficient to pay for rebuilding or replacing the primary dwelling. The amount**
41 **an insurer pays under the total combined coverage limits may not exceed the amount that**
42 **would be necessary to repair the actual damage to, or replace, as appropriate, the insured's**
43 **primary dwelling. The insurer shall pay in accordance with the terms of the policy of home-**
44 **owner insurance the amount of any claim for a loss other than damage to the insured's**
45 **primary dwelling.**

1 **SECTION 4.** An insurer shall provide to an insured every other year at the time the
2 insurer offers to renew a policy of homeowner insurance, as defined in ORS 746.600, an op-
3 portunity to obtain a new estimate of the cost necessary to rebuild or replace the covered
4 property if the insured provides information necessary for the estimate.

5 **SECTION 5.** Sections 2, 3 and 4 of this 2021 Act apply to policies of homeowner insurance
6 that an insurer issues or renews on and after the effective date of this 2021 Act.

7 **SECTION 6.** Section 4 of this 2021 Act becomes operative on July 1, 2022.

8 **SECTION 7.** This 2021 Act being necessary for the immediate preservation of the public
9 peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect
10 on its passage.

11