



Chair Holvey, Vice Chairs Elmer and Sosa, and members of the committee,

My name is Gordon Brouse and I am the owner of the Salem Insurance Agency. I am submitting this testimony in opposition to House Bills 3242 and 3243. Both bills seek to address a nonexistent problem in the insurance market and would cause serious disruptions to that market, harming the customers I work to serve.

Oregon's insurance market is a strong and competitive one that serves consumers well. Reforms enacted by this Legislature give the Department of Consumer and Business Services (DCBS) strong enforcement abilities to protect our customers if there is a dispute over coverage or a problem with a claim. That includes investigatory powers and the authority to order insurers to pay disputed claims plus restitution and levy fines against insurers that violate Oregon's insurance laws or regulations.

Instead, House Bills 3242 and 3243 would incentivize litigation to resolve claims. Litigation slows down claims resolution and also increases the cost of settling claims, costs that end up being paid by policyholders. HB 3242, with its authorization of the award of triple actual damages and attorneys fees, is particularly troubling in how it would shift claims resolution to reward protracted litigation. And HB 3243 would allow lawsuits to be filed against insurers for defending their own policyholders against third party claims.

The reality of how so-called "bad faith" litigation would impact insurance costs is not a theoretical or abstract concern. Just look at what has happened in states like Washington and Florida that authorized these types of lawsuits. Studies have found that litigation costs and insurance premiums rose dramatically once such cases were allowed. As we speak, Florida is holding a special legislative session to repeal or change laws to limit lawsuits and restore that state's devastated insurance market for consumers.

Now would be the worst time to trigger more litigation and higher insurance costs in Oregon. Families and small businesses alike are feeling the pinch from rising inflation, struggling to keep up. Hiking their insurance premiums is a step in the wrong direction and the last thing my customers need.

Please join previous legislatures that have repeatedly rejected similar flawed proposals. Please vote no on HB 3242 & 3243. Thank you for your consideration of my testimony.

Gordon Brouse Jr.  
Salem Insurance Agency