



March 1, 2023

**TO:** Members of the House Committee on Business and Labor

**FR:** Derek Sangston, Oregon Business & Industry

**RE:** Opposition to HB 3242 and HB 3243

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Chair Holvey, Vice-Chair Elmer, Vice-Chair Sosa, members of the House Committee on Business and Labor. For the record, I'm Derek Sangston, policy director and counsel with Oregon Business & Industry.

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in opposition to HB 3242 and HB 3243. By creating additional avenues for plaintiffs to file lawsuits against insurance companies, each bill would bog down Oregon's court system and raise insurance premiums for Oregonians.

The provisions of HB 3242 would allow plaintiffs to broadly file a second lawsuit against insurance companies over disputed claims and authorize courts to triple the amount of the award sought. Meanwhile, HB 3243, would add insurance to the Unlawful Trade Practices Act, which would authorize private lawsuits against insurers and awards of both actual and punitive damages. HB 3242 and HB 3243 would each authorize courts to award attorney fees.

These bills are not needed to protect consumers from bad acting insurance companies because Oregon's insurance division can already order insurers to pay claims when it finds bad faith. It can also require insurers to pay restitution and levy fines in that situation. If passed, HB 3242 and HB 3243 would not provide a more effective way to resolve disputed insurance claims, but those bills would increase litigation in Oregon.

As litigation increases, so will the insurance premiums Oregonians must pay each month. Studies show authorizing lawsuits like those contemplated by HB 3242 and HB 3243 lead to insurance premium increases. Oregon – like the rest of the United States – is in an extended period of steep inflation. Despite efforts by the Federal Reserve, prices remain 6.3% higher than they were at this time last year. If enacted, HB 3242 and HB 3243 would raise insurance premiums and costs for average Oregonians – and after nearly two years of steep inflation, at a time they can least afford it.

For those reasons, OBI respectfully requests this committee to reject both HB 3242 and HB 3243. Thank you for your consideration.

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