



March 2, 2023

TO: Chair Holvey, Vice-Chairs Elmer and Sosa, House Committee on Business and Labor

FROM: Ryan Chieffo, Director of Government and Regulatory Affairs, on behalf of Standard Insurance Company

RE: Opposition to HB 3242

Standard Insurance Company (“The Standard”) Oregon’s largest headquartered insurance company. We have been an Oregon company since our founding in Portland in 1906. We are one of the largest employers in downtown Portland, serving individuals and businesses in Oregon and across the country and providing life insurance, disability insurance, annuities, and retirement plans. I write on behalf of The Standard to convey our opposition to HB 3242.

As written, HB 3242 focuses specifically on property and casualty insurance and would not impact The Standard. However, we nonetheless believe this bill represents unnecessary and harmful policy. Over at least seven legislative sessions, this Legislature has rejected similar bills that would encourage unnecessary and often premature insurance litigation as bad public policy. This current attempt is more of the same.

If this bill became law, insurance in Oregon would become more expensive. Massive damages would be permitted for minor contract disputes. Litigation and settlements would increase, creating a disincentive for insurance companies to do business in Oregon, diminishing competition. For all this, consumers would not receive any new or better protections. This bill is a poorly crafted solution in search of a problem. Oregon consumers are already well protected by a highly competent and well-respected regulator with significant authority to ensure consumers are not harmed and that insurance companies that do cause harm or violate the law are punished.

Insurance is a comprehensively regulated industry. In Oregon, this regulation is in the hands of the Division of Financial Regulation (“DFR”) within the Department of Consumer and Business Services. DFR licenses companies and producers (agents) before they can do business in Oregon. It reviews and approves the language and provisions in all The Standard’s insurance policies before those policies can be sold in Oregon. DFR regularly examines the market conduct and financial stability of Oregon insurers and investigates potential wrongdoing. And, it assigns well-trained advocates to assist consumers in resolving complaints against insurers at no cost to the consumer. DFR has published statistics that in 2021 it recovered more than \$7.5 million for consumers through this process, and penalized insurers approximately \$3.5 million.

Oregon’s comprehensive regulatory framework is capped by DFR’s unprecedented authority to protect consumers and penalize insurance companies when those companies violate laws and regulations. DFR’s

already-strong enforcement structure was made more robust in 2013 when, in response to a proposal similar to HB 3242, this Legislature passed a compromise bill negotiated between advocates, DFR, and industry, including The Standard. That bill created ORS § 731.256, which gave DFR what we believe to be first in the nation authority to order insurance companies to pay restitution, claims, and any other equitable relief DFR deems appropriate – authority that continues to be available to Oregonians free of charge. Oregon consumers are well-protected by experts working on their behalf and representing them free of charge. They do not need attorneys who are not well-versed in the state insurance code to charge them to get the same outcomes.

Of course, if an Oregon consumer does want to access the courts due to a problem with their insurance company, they can already do so by suing the company to resolve contractual disputes, including disputes related to claims, which is the same area this bill seeks to address. A solution in search of a problem.

As the Legislature has determined every other time this concept has been brought forward, this is bad policy that does nothing to help Oregonians, who are already protected by a strong regulator with significant authority avoid harm and punish companies that cause harm. I urge you to vote “NO.”

Thank you.