



April 19, 2023

TO: Members of the Senate Committee on Judiciary

FR: Derek Sangston, Oregon Business & Industry

RE: Opposition to HB 3242 and HB 3243

Chair Prozanski, Vice-Chair Thatcher, members of the Senate Committee on Judiciary. For the record, I'm Derek Sangston, policy director and counsel with Oregon Business & Industry (OBI).

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.

OBI opposes HB 3242 and HB 3243 because they would encourage unnecessary litigation against insurance companies to address behavior the state may punish already. This would bog down Oregon's already overburdened court system while raising insurance premiums for Oregon consumers and businesses.

The provisions of HB 3242 would allow plaintiffs to broadly file a 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 (UTPA), which would authorize private lawsuits against insurers and awards of both actual and punitive damages. Both HB 3242 and HB 3243 would 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 order insurers to pay claims when it finds bad faith. It can also require insurers to pay restitution and levy fines in such situations. HB 3242 and HB 3243 would increase litigation in Oregon without helping to resolve disputed insurance claims more effectively.

While both bills were amended before moving out of the House Committee on Business and Labor, neither was changed in a way that would mitigate its harmful impacts. HB 3242 was amended so it applies only to new property and casualty insurance policies. HB 3243 was amended to clarify lawsuits under the UTPA could arise only out of violations of Oregon's Unfair Settlement Practices Act.

The bottom line is that HB 3242 and 3243 together would create one of the country's most extreme schemes to regulate insurance. These bills would increase insurance premiums significantly and potentially would disrupt the overall insurance market in Oregon. Such has been the case in other states that allow for either first- or third-party lawsuits against insurers. Could

that be why at least three states – Louisiana, Florida, and Montana – are currently considering bills to roll back first- and third-party lawsuits against insurance companies?

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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