

HB 3242-A Proposed Amendment

Written Testimony for consideration by Senate Judiciary Committee

4/17/2023

Mr. Chair and Members of the Committee:

The words in the first section of HB 3242-A – **“or other person”** – hurt insurance agents (producers), and brokers of product (BGA or GA) who are mostly small businesses. According to the Division of Financial Regulation, “or other person” includes insurance agents. If insurance agents stop getting involved in helping their customers through the claims process because of this bill, then that hurts consumers.

Agents can get heavily involved in claims, in all aspects from providing claim contact information to the client to advocating for coverage after a denial. Not all agents do this, but those who do care greatly about their customers and want to keep things fair. It would be much better to keep agents involved in the first place so they can fight for the consumer from the beginning of the claims process and from inside the insurance industry, rather than waiting until things get so bad that consumers must hire a lawyer.

In my business, which brokers individual disability products (and previously long term care insurance) we are often called upon by our agents to help with claims by consumers due to the complexity of claims language. We can help facilitate due to our expertise in the definitions of disability and other benefits that might be used in tandem with the basic benefits. Additionally, we also can help the consumer know when it is time to access their benefits as sometimes they want to wait and see, versus claim when they should.

If “other person” in HB 3242-A includes agents, and additionally product brokers (like me) will we continue to assist in any way with claims? Would we willingly be involved in the potential chain of depositions, defense, testimony, and potential damages brought on by our insurers? Probably not.

This bill as it currently reads will have a negative effect on the consumer who currently relies on their insurance agent and their resources for assistance and advocacy in their claims. But if agents are automatically included in lawsuits when claims fail to meet requirements, then agents’ cost in time, hassle and legal representation will surely force us out of providing any help whatsoever to our customers in the claims process.

I encourage you to vote for an amendment that excludes insurance agents from the definition of “or other person” in HB 3242-A.

Thank You,
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