

February 9, 2024

Senator Floyd Prozanski, Committee Chair  
900 Court Street, NE, S-413  
Salem, Oregon 97301  
Submitted Electronically: <https://olis.oregonlegislature.gov>

**RE: Testimony to the Senate Committee on Judiciary in Support of SB 1575**

Greetings, Mr. Chair Prozanski, Vice-Chair Thatcher, and members of the Senate Committee on Judiciary. For the record, my name is Chris Engstrom with AssuredPartners, an insurance broker focused on representation of design professionals. The following is a written summary of the spoken testimony in support of SB 1575 from February 8, 2024.

Under current Oregon law there is no commercially available insurance coverage for a Design Professionals up-front defense obligation of a State Agency. Nothing in SB 157 impacts the Design Professionals available insurance to defend itself, and currently purchased professional liability insurance has and will defend the design professional. If passed SB 1575 allows already purchased insurance to reimburse the State of Oregon for costs it incurred in defending itself for the Design Professionals negligence.

Fiscal impact reports and discussions with State Agencies have resulted in concerns the state will incur \$500,000 to \$1,000,000 annually of its own defense costs. This is misleading. The State will be reimbursed these costs at resolution of the claim to the extent the Design Professional is liable. Should the Design Professional NOT be at fault, the State should not be entitled to reimbursement. Unfortunately, these comments make no mention of being reimbursed these costs or what happens if the Design Professional is not at fault.

Design Professionals should not need to purchase supplementary insurance policies to cover a third party [State of Oregon] entity for which the design professional is not liable. The State of Oregon should purchase insurance to defend itself from claims regardless of merit and be reimbursed its legal expenses to the extent the design firm is liable. The concept of accountability by the Design Professional and reimbursement are the essence and intent of SB 1575.

Duty to Defend is not a new issue, it's been around for nearly 50 years. The insurance industry as a for-profit industry has investigated and tried to offer products, and no commercially viable or sustained product has even been developed. The offering of single product by a commercial insurer could be more harmful for the State of Oregon should the insurer cease offering coverage due to lack of commercial interest in the product. Such cessation would invariably harm the State more as the financial backing of the insurance procured by

the Design Professional not longer exists. Does the State intend to pursue a Design Professional for the contractual agreement to defend the State up-front knowing it could bankrupt the Design Firm on an issue the design community has brough before the Oregon Legislature?

Our assessment as an industry professional is there is not enough premium volume in the state of Oregon to sway the insurance marketplace to develop and insurance product for this specific issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris A. Engstrom". The signature is fluid and cursive, with the first name "Chris" and last name "Engstrom" clearly legible, and "A." in the middle.

Chris A. Engstrom  
Senior Broker  
AssuredPartners Design Professionals Insurance Services LLC  
360.626.2012 Direct  
[chris.engstrom@assuredpartners.com](mailto:chris.engstrom@assuredpartners.com)  
Oregon Insurance License No. 8004155