



**OREGON DEPARTMENT OF JUSTICE**

TO: House Committee on Commerce & Consumer Protection

FROM: Leslie Wu, Policy Advisor to Attorney General Rayfield, Oregon Department of Justice

DATE: February 5, 2026

SUBJECT: Testimony in Support of HB 4098

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Attorney General Rayfield and the Oregon Department of Justice write in support of HB 4098, which increases consumer protections in insurance transactions. Oregon is among a minority of 21 states that exempts the insurance industry from our Unfair and Deceptive Acts and Practices (“UDAP”) laws.<sup>1</sup> This exemption deprives consumers of the tools needed to protect themselves and deprives the Department of Justice of enforcement authority in an area where consumers truly need protection.

Insurance policies are complicated financial instruments, and consumers can also find themselves having to deal with stalling, unjustified denial, and other harmful practices when they suffer losses and try to make claims on their insurance policies. The Department of Justice has received at least 738 consumer complaints against insurance companies since 2020. In addition, since 2020 our agency has seen 939 complaints related to home and auto “service contracts” which are sold to consumers as an added layer of protection, but then often invoke restrictive contract language to avoid making payments or providing fair market value for necessary repairs or replacements. Although our agency makes efforts to help those consumers, we cannot use the Unlawful Trade Practices Act (“UTPA”) to achieve meaningful recourse. Fundamentally, HB 4098 would help protect the rights of consumers who purchase insurance products.

The Department of Justice is committed to safeguarding a fair marketplace for consumers in Oregon and acts as the primary enforcer of the UTPA. The UTPA also provides consumers with a private right of action through ORS 646.608. The UTPA extends to most consumer

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<sup>1</sup> According to the National Consumer Law Center’s 2018 publication, *Consumer Protection in the States: A 50-State Evaluation of Unfair and Deceptive Practices Laws*. States that do cover insurance in their UDAP laws include Washington, California, Nevada, Arizona, Texas, and Kentucky, among others.

transactions including real estate transactions, loans, and auto purchases. Insurance transactions are not covered by the statute, which means that the Attorney General has no enforcement authority, and consumers have no ability to bring a claim to vindicate their rights under the UTPA. Our neighbors in Washington and California *do* include insurance in their UDAP statutes. This puts Oregonians at a disadvantage.

Consumers need robust private and state enforcement mechanisms, or else they'll be left with significantly reduced protections from predatory practices in the insurance marketplace. The dismantling of the Consumer Financial Protection Bureau ("CFPB") has left consumers with far less protection at the federal level. That agency has oversight authority over insurance companies in several key areas, including some situations where the companies provide consumer financial products or services (loans to policyholders, premium financing), or where companies operate as service providers to covered financial institutions. With the CFPB's enforcement capabilities severely curtailed, this creates a dangerous gap that state-level protections must now fill. Oregonians are in need now more than ever of consumer protections at the state level.

While our Unfair Claims Settlement Practices Act, ORS 746.230(1), does prohibit some common tactics of insurance industry bad actors, that statute does not provide the same remedies and procedural protections for consumers as does the UTPA. The Court in *Moody v. Oregon Community Credit Union* recently acknowledged that the legislature's intent behind the existing regulatory scheme for insurers was to prohibit unfair claims processing practices and to provide protection to insureds and their beneficiaries, especially considering the insurance industry's marketing of their products as providing "peace of mind" to their consumers. While that decision judicially recognized a private person's right of action against an insurer at the common law, HB 4098 would codify the State's commitment to seeing those rights become a reality for Oregonians.