

Oregon's Health Insurers Urge You to Oppose HB 4098

Oregon's health insurance industry is a highly regulated sector of the economy, and consumers may access significant assistance from the state in helping navigate any claims issues or insurance related disputes. The Department of Consumer and Business Services (DCBS) already has robust consumer protections in place, ensuring consumers can work with an advocate who has a deep understanding of insurance and can help them navigate the claims resolution process. There are also health insurer specific options that consumers can pursue – at no cost – for independent, external review of claims appeals that is binding on the insurer. Allowing class action lawsuits for health insurance Unfair Claims Settlement Practices Act violations, as proposed by HB 4098, would be duplicative of existing processes, delay resolution, reduce recoveries to the consumer, and cause confusion by creating two separate oversight agencies.

HB 4098 would increase the potential for significant class action litigation against insurers while doing little to improve consumer outcomes. Increased litigation costs would increase the cost of health insurance and, ultimately, health care for Oregonians. **We urge you to oppose HB 4098.**

Insurance is Highly Regulated, from Policy Development through Claims Resolution.

Insurance regulation includes multi-layered and comprehensive processes for reviewing rates and policies carriers offer, handling consumer complaints, examining the market conduct of carriers, and ensuring compliance with the law. DCBS annually reviews insurer policy language to ensure compliance with the law, including consumer communications regarding their policy and the rates that they charge. DCBS also helps resolve consumer complaints by working directly with members and maintaining an external review process that consumers can access at no cost and receive resolution within 30 days. Finally, they closely regulate the market conduct of carriers, and assess penalties if there are issues with administration of health insurance policies.

Consumers Have Advocates within the Department of Consumer and Business Services That Can Resolve Issues More Quickly than a Class Action Lawsuit.

The DCBS maintains a robust team of consumer advocates who work directly with insurance carrier compliance staff to ensure members receive the benefits promised to them. Consumer advocates work more quickly - most confirmed consumer complaints are resolved within 30 days - and deliver more tailored resolution than any class-action lawsuits would deliver to members.

According to figures from the Department, the team has recovered nearly \$5.6 million in benefits for complaints submitted by Oregonians from January - September of 2025.

Unlike class-action lawsuits, which tend to seek specific damages, the department can also initiate market conduct examinations. Market conduct examinations may originate from a variety of sources, including consumer complaints and actions taken by other states. Unlike in civil discovery, where parties may spend months or years arguing about scope, market analysts

have authority under the Insurance Code to compel information, which must be produced promptly and truthfully. Market analysts may recommend specific changes to policies or procedures that may be subject to a settlement agreement or can refer cases to Enforcement.

In 2024 alone, the Department of Consumer and Business Services addressed 129 health care specific complaints.

Finally, in cases where the department determines a carrier acted contrary to the Insurance Code, the Enforcement Team may act on their own or partner with DOJ or other states to apply a myriad of enforcement tools against the carrier, including:

- Cease and desist orders - ORS 731.252
- Restitution orders - ORS 731.256
- Civil penalties - ORS 731.988
- Criminal penalties - ORS 731.992

Allowing New Class Actions Would Increase Health Care Premiums without Improving Consumer Outcomes.

HB 4098 would allow new first and third-party class action lawsuits against insurers for any alleged violation of Oregon's Unfair Claims Settlement Practices Act. This statute is currently enforced by the DCBS and is consistent with model law created by the National Association of Insurance Commissioners – it was never intended to form the basis of a private cause of action¹. Allowing private lawsuits may greatly increase litigation against insurers, including frivolous lawsuits, to the detriment of consumers. Lawyers with a financial stake in the outcome of the case could push consumers to pursue litigation instead of utilizing the highly effective, timely, and cost-efficient DCBS resolution process. We believe that the result will be worse outcomes and increased costs for consumers.

There is no evidence that class actions would help consumers more than our current systems. We urge the committee to allow the no cost, efficient DCBS process to continue to support consumers, and not create new work for trial lawyers. **Please oppose HB 4098.**



¹National Association of Insurance Commissioners. (1997, January). *NAIC Model Law #900: Unfair Claims Settlement Practices Act*. NAIC Model Laws, Regulations, Guidelines, and Other Resources. <https://content.naic.org/sites/default/files/model-law-900.pdf>