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March 4, 2019

The Honorable Floyd Prozanski  
Chair, Senate Committee On Judiciary  
900 Court St. NE, S-413  
Salem, Oregon 97301

Chair Prozanski and Members of the Senate Judiciary Committee:

For over 93 years, the Bend Chamber has been dedicated to helping local companies grow their businesses so the economy will grow for all businesses. We represent over 1,500 businesses who employ more than 27,000 employees in Central Oregon.

The range of businesses that we represent is wide and diverse but there some constants that impact all businesses and insurance rates are one of them. We are concerned that SB 728 will open the door for a significant increase in insurance rates and are worried as to the impact that will have on the consumer and the overall economy.

Insurance premiums are a major cost for businesses who often must carry multiple lines of insurance such as liability, property, workers compensation, and auto. SB 728 would upend Oregon's insurance market, facilitate excessive litigation, and potentially increase insurance premium rates significantly for consumers and businesses alike.

This bill seeks to address a nonexistent problem as Oregon already has strong laws and regulations that protect consumers in the event of an insurance dispute. If a company acts in bad faith they are held accountable under Oregon law by the Department of Consumer and Business Services (DCBS). Insurers are required to treat their policyholders fairly and settle claims in a timely manner. Should a problem arise, consumers can seek recourse in a court of law or through the Oregon Division of Insurance. In fact, current Oregon law allows DCBS to seek restitution for any damages a consumer suffers if an insurer violates the state insurance code. This is a fast, fair, and affordable way to protect consumers.

In contrast, SB 728 will give lawyers a virtually unrestricted ability to file a third-party bad faith lawsuit against an insurance company. This means that if somebody has an accident, be it in a car or in a business/home, they can sue the insurance company of the person allegedly responsible for their injuries. The possibility of winning a large third-party settlement and court judgments creates a powerful incentive for potential claimants and their attorneys to file insurance claims.

Other states that have allowed such lawsuits against insurers have seen insurance rates rise for consumers and businesses as insurers grapple with increased costs. Oregon should not allow these bills to take us down the same misguided path.



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I urge you to vote NO SB 728.

Sincerely,

Katy Brooks  
CEO

cc:  
Members, Senate Committee On Judiciary