

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	9 - 0 - 0
Yeas:	Barker, Bonamici, Cameron, Flores, Komp, Krieger, Read, Whisnant, Macpherson
Nays:	0
Exc.:	0
Prepared By:	Matt Kalmanson, Counsel
Meeting Dates:	2/13, 3/26

WHAT THE MEASURE DOES: Requires self-insurers to provide insurance coverage for permissive drivers of their vehicles. Establishes that such coverage is secondary to any coverage available to the permissive driver, and that the self-insurer must make payments only when the permissive driver's policy does not provide the minimum amount required by Oregon law. Permits a self-insurer to recover from the permissive driver any money paid by the self-insurer to the injured party. Allows injured parties to collect from their uninsured or underinsured coverage if the amount they recovered from the self-insurer was less than the uninsured liability limit.

ISSUES DISCUSSED:

- Automobile Insurance Work Group of Oregon Law Commission
- Financial Responsibility law, and self-insurance provisions in Oregon insurance code
- Impact of interpretation of self-insurer law in *Farmers Insurance Co v. Snappy Car Rental*, 128 Or 516 (1994)
- Need for insurance coverage of permissive drivers of self-insured vehicles
- Policy of insurance coverage following the car versus following the driver
- Impact of bill on insurance and rental car rates and availability
- Carve-out for non-permissive drivers

EFFECT OF COMMITTEE AMENDMENT: Clarifies that the insurance required under this bill is secondary to any liability insurance or uninsured motorist insurance coverage available to either a customer of a self-insurer, an operator of the self-insured vehicle, or an occupant of the self-insured vehicle. Establishes that self-insurer is not required to insure a person who is operating the vehicle without permission of the self-insurer. Clarifies statutory references.

BACKGROUND: Oregon's Financial Responsibility Law (FRL) describes the basic requirements of automobile liability insurance. Among other things, it allows entities that own at least 25 vehicles to "self-insure," i.e., the entity promises to pay the same amounts required by the FRL (\$25,000 per person, \$50,000 per accident). In 1994, the Court of Appeals ruled that the FRL does not require a self-insured entity to cover "permissive" drivers of its vehicles, such as customers of a rental car company. In addition, self-insured vehicles, by statute, are not "uninsured vehicles" under the uninsured/underinsured insurance statutes. Thus a person who is injured by a driver of a rental car might have no recourse if the driver is uninsured because the rental car company has no duty to cover permissive drivers and the injured party's own insurance does not cover self-insured vehicles. HB 2385 requires self-insurers to cover permissive drivers of their vehicles, and amends the uninsured/underinsured statutes to include coverage for self-insured vehicles, in certain instances.

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This summary has not been adopted or officially endorsed by action of the committee.