TheStandard®

House Bills 2525 and 3160 – Standard Insurance Company Encourages Your Opposition

Would Make Insurance in Oregon More Litigious, More Expensive for Consumers, and Penalize Oregon-Based Insurers

HB 2525 and HB 3160 would create new and expensive forms of litigation in Oregon against insurers like The Standard. These new remedies and damages are in addition the existing judicial remedies available to consumers, and to the free-of-charge consumer advocates provided by the Oregon Insurance Division.

These bills will lead to more frequent and more expensive litigation in Oregon over insurance claims. At a time when the State is focused on driving down health insurance costs, these new incentives for litigation sought by HB 2525 and HB 3160 are little more than inducements for more lawsuits and premature litigation. More lawsuits will simply lead to higher insurance premiums for Oregon consumers and employers.

Who's on first? HB 3160 would create an Oregon insurance marketplace with two distinct regulators. By adding the Attorney General into the insurance regulatory framework, HB 3160 would create an inefficient and duplicative layer of regulation on Oregon's insurance industry at a time when our efforts are focused on streamlining the healthcare cost structure. Oregon's existing insurance regulatory framework is robust, and there has been no case made for the position that the Attorney General should become a parallel insurance regulator.

These bills are a magnet for litigation in Oregon by out-of-state plaintiffs, and will disproportionately impact traded sector carriers headquartered in Oregon. These bills are proposed to protect Oregon consumers. But the real effect will be to encourage residents of other states to file suit in Oregon to obtain the enhanced damages. The only insurance companies susceptible to suit in Oregon by residents of other states are insurance companies headquartered here, like The Standard. These bills would dissuade insurers from making Oregon their headquarters, and place Oregon-based insurers at a competitive disadvantage.

Oregon's existing Insurance Trade Practices Act is based on a national model which explicitly and deliberately excluded these types of remedies. The affected sections of ORS by HB 2525 are the regulatory framework for an agency, the Oregon Insurance Division, by which it can oversee insurer operations, assist consumers, conduct audits, and penalize where appropriate. Oregon's law, which already prohibits bad faith conduct by insurers, is based on the National Association of Insurance Commissioners (NAIC) model Claims Settlement Practices Act. That model act deliberately rejected inclusion of a private cause of action.

These bills set up inconsistent remedies based on how you purchase your insurance. The Employee Retirement Income Security Act ("ERISA") pre-empts state remedies for consumers who obtain insurance through a private employer, which is how most people obtain health insurance. As such, the new remedies and causes of action sought by these bills – and corresponding cost increases – would disproportionally impact government and religious employers who are not governed by ERISA.

Standard Insurance Company
1100 SW Sixth Avenue
Portland OR 97204-1093
tel 888.937.4783