

March 15, 2017

House Business and Labor Committee

Re: Strong Opposition to HB 2858

Mr. Chair and Members of the Committee:

My name is Mike Bybee, I am an independent insurance agent located in SE Portland. I have been in the insurance industry, owning an agency for the last 30 years. I serve on the Professional Insurance Agents' government relations committee. My agency has one of the sites for the Insurance Education Program, which has been given to new legislative candidates since 1987. Most recently Rep. Bynum participated in that program and came to my office last summer.

I am here to testify on HB 2858. I strongly urge you to reject this bill. Currently, our Insurance Commissioner has the responsibility to manage administrative disciplinary actions against an insurance company or an insurance agent, if they have not represented the customer with good faith. This system has been in place my whole career. I do not remember a situation where the insurance commissioner has not responded to a customer's request for equitable treatment. This bill will essentially neuter the disciplinary responsibility from the Insurance Commissioner and place it in the court system. The result will clog up the docket hearing cases that should not be heard in that arena.

Our association research clearly shows that allowing a trial attorney to file two lawsuits on one claim will definitely impact our current insurance rates. Those of you on the committee who live in the wider Portland, probably can attest to what has happened to me, because this trend is happening across the board from all insurance companies that operate in the Portland metro area.

My wife and I have owned the same automobiles for the last 5 years. We have solid credit scores with no tickets or accidents on our motor vehicle records. In addition, we have high deductibles and have maximized every discount available to us. However, in spite of these efforts my auto insurance has gone up an average of 15% every year for the last three years. That's almost a 50% increase in the last three years. Also, I have news, we aren't done with the massive escalation according to insurance company marketing reps that I talk with weekly.

I represent 8 preferred auto insurers and every single company has announced an increase of at least 10% that will take place during the first or second quarter of 2017. Each company is citing the same issues: they losing money in the State of Oregon due to the increasing number of significant injury and fatality accidents, and the increasing accident frequency. Most are claiming higher metro area population density, combined with distracted driving, and a higher percentage of uninsured drivers as driving forces.

My office is located in an economically diverse geographic area. My customers come from the East Portland, Gresham and Happy Valley areas, among others. There are some high-income areas and there are significant poverty areas. As you can imagine the persons getting hit the hardest are those in the poverty areas due to their often poor credit scores. However, this situation is compounded because if they can't make a payment and their policy lapses, the penalty to start a new policy without insurance and a bad credit score is severe. It is a viscous cycle, which is causing the number of uninsured motorists to increase.

I urge you, don't support a bad bill to add even more expense to a situation that is becoming a social crisis. Vote "NO" on HB 2858.

Thank you for your consideration of my testimony. I'm happy to answer any questions.

Mike Bybee  
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