

House Bill 4008

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Business and Labor for American Property Casualty Insurance Association)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Permits insurer to exclude from coverage under motor vehicle liability insurance policy person other than named insured based on certain specified criteria.

A BILL FOR AN ACT

1
2 Relating to coverage exclusions under motor vehicle liability insurance policies; creating new pro-
3 visions; and amending ORS 742.450.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 742.450 is amended to read:

6 742.450. (1) Every motor vehicle liability insurance policy issued for delivery in this state
7 *[shall]* **must** state the name and address of the named insured, the coverage afforded by the policy,
8 the premium charged *[therefor]* **for the policy**, the policy period and the limits of liability.

9 (2) Every motor vehicle liability insurance policy issued for delivery in this state *[shall]* **must**
10 contain an agreement or indorsement stating that, as respects bodily injury and death or property
11 damage, or both, the insurance provides either:

12 (a) The coverage described in ORS 806.070 and 806.080; or

13 (b) The coverage described in ORS 806.270.

14 (3) The agreement or indorsement required by subsection (2) of this section *[shall]* **must** also
15 state that the insurance provided is subject to all the provisions of the Oregon Vehicle Code relating
16 to financial responsibility requirements as defined in ORS 801.280 or future responsibility filings as
17 defined in ORS 801.290, as appropriate.

18 (4) Every motor vehicle liability insurance policy issued for delivery in this state *[shall]* **must**
19 provide liability coverage to at least the limits specified in ORS 806.070.

20 (5) Every motor vehicle liability insurance policy issued for delivery in this state *[shall]* **must**
21 provide liability coverage, up to the limits of coverage under the policy for a vehicle owned by the
22 named insured, for the operation by the named insured of a motor vehicle provided to the named
23 insured, without regard to whether the named insured is charged for the use of the motor vehicle,
24 if:

25 (a) The motor vehicle is provided to the named insured by a person engaged in the business of
26 repairing or servicing motor vehicles; and

27 (b) The motor vehicle is provided to the named insured as a temporary replacement vehicle
28 while the named insured's vehicle is being repaired or serviced.

29 *[(6) A motor vehicle liability insurance policy issued for delivery in this state may exclude by name*
30 *from coverage required by subsection (2)(a) of this section any person other than the named insured,*
31 *for any of the reasons stated in subsection (7) of this section. When an insurer excludes a person as*

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 *provided by this subsection, the insurer shall obtain a statement or indorsement, signed by each of the*
 2 *named insureds, that the policy will not provide any coverage required by subsection (2)(a) of this*
 3 *section when the motor vehicle is driven by any named excluded person.]*

4 *[(7) A person may be excluded from coverage under a motor vehicle liability insurance policy as*
 5 *provided in subsection (6) of this section:]*

6 *[(a) Because of the driving record of the person. The Director of the Department of Consumer and*
 7 *Business Services by rule may establish restrictions on the use of the driving record in addition to*
 8 *other restrictions established by law.]*

9 *[(b) Because of any reason or set of criteria established by the director by rule.]*

10 **(6)(a) A motor vehicle liability insurance policy issued for delivery in this state may ex-**
 11 **clude from coverage required under subsection (2)(a) of this section:**

12 **(A) Any person by name, other than the named insured, for any of the reasons stated in**
 13 **subsection (7)(a)(A)(i) or (B) of this section; or**

14 **(B) Any person other than the named insured for any of the reasons stated in subsection**
 15 **(7)(a)(A)(ii) or (iii) or (B) of this section.**

16 **(b) An insurer, before issuing or renewing a motor vehicle liability insurance policy, may**
 17 **require the policyholder to submit a signed written statement that lists each driver who is**
 18 **a resident of the same household and for whom the policyholder intends to have coverage**
 19 **under the motor vehicle liability insurance policy. The Director of the Department of Con-**
 20 **sumer and Business Services by rule may prescribe the form and contents of the statement.**

21 **(c) If an insurer excludes a person under paragraph (a)(A) of this subsection, the insurer**
 22 **shall state in writing, and obtain the signatures of all named insureds on the statement, that**
 23 **the motor vehicle liability insurance policy will not provide coverage required under sub-**
 24 **section (2)(a) of this section to a person the insurer excluded.**

25 **(d) If an insurer excludes a person under paragraph (a)(B) of this subsection, the insurer**
 26 **shall:**

27 **(A) State the exclusion in writing in the motor vehicle liability insurance policy and dis-**
 28 **close in a separate written statement at the time a named insured applies for or renews the**
 29 **motor vehicle liability insurance policy that the policy will not provide coverage required**
 30 **under subsection (2)(a) of this section to a person the insurer excluded; and**

31 **(B) Comply with any other requirements the director specifies by rule.**

32 **(7)(a) A person may be excluded from coverage under a motor vehicle liability insurance**
 33 **policy as provided in subsection (6) of this section:**

34 **(A) Because of the person's:**

35 **(i) Driving record;**

36 **(ii) Status as a person who is residing in the same household as the named insured**
 37 **without disclosure to the insurer as a possible driver of any motor vehicle covered by the**
 38 **motor vehicle liability insurance policy within 45 days after the person began residing in the**
 39 **same household as the named insured or became a licensed driver, whichever occurs later;**
 40 **or**

41 **(iii) Residence in the same household as the named insured and eligibility for driving**
 42 **privileges in this state without disclosure to the insurer as a possible driver of the motor**
 43 **vehicle covered by the motor vehicle liability insurance policy within 45 days after becoming**
 44 **eligible for driving privileges or beginning residence in the same household as the named in-**
 45 **sured, whichever occurs later.**

1 **(B) For any reason or set of criteria the director specifies by rule.**

2 **(b) The director by rule:**

3 **(A) Shall specify forms and language for insurers to use for the disclosures required in**
4 **paragraph (a)(A)(ii) and (iii) of this subsection; and**

5 **(B) May establish restrictions on an exclusion under paragraph (a)(A) of this subsection**
6 **in addition to other restrictions established by law.**

7 **(8) Except as provided in subsection (7) of this section,** every motor vehicle liability insur-
8 **ance policy issued for delivery in this state [shall] must** contain a provision that provides liability
9 coverage for each family member of the insured residing in the same household as the insured in
10 an amount equal to the amount of liability coverage purchased by the insured.

11 **SECTION 2. The amendments to ORS 742.450 by section 1 of this 2020 Act apply to motor**
12 **vehicle liability insurance policies that an insurer issues or renews on or after the effective**
13 **date of this 2020 Act.**

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