

HB 3272 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 3/10

WHAT THE MEASURE DOES:

Requires insurer to allow policyholder at least 24 months of additional living expense, subject to policy limits, and at least 24 months to repair, rebuild, or replace damaged property if the insurance policy requires an insured to repair, rebuild, or replace damaged property in order to collect full replacement cost. In cases of an emergency or major disaster, the insurer must allow at least 36 months of additional living expenses and 36 months to repair, rebuild, or replace damaged property. Requires insurer to provide policyholder at least every other year an estimate of cost necessary to rebuild or replace the covered property. Specifies what must be included in the estimate. Prohibits policy from limiting or denying payment on the basis that the policyholder chose to rebuild in a new location or to purchase an existing structure in a new location when the insured structure was a total loss. Requires a policy covering the policyholder's residence to allow the policyholder to combine payments for claims for damage to primary dwelling and other structures if policy limits on the residence are insufficient. Provides private right of action to recover actual damages, court costs, and attorney fees resulting from unfair claim settlement practice. Establishes duty of reasonable due care for insurance producer toward the insured. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The September 2020 wildfires destroyed more than 4,000 homes across eight counties, as reported by *The Oregonian*. Homeowners fortunate to have insurance coverage may have been disappointed to discover that they purchased coverage that was insufficient or that there were restrictions limiting them to rebuild on the same property and within a tight timeframe. Given that some communities suffered extensive damage, the demand for construction services may far outstrip supply, leading to delays to rebuild or repair. In December 2020, the Department of Consumer and Business Services announced that 28 insurers had agreed to extend to at least two years the timeline to rebuild or replace damaged property.