

SB 45 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 4/28, 5/5

WHAT THE MEASURE DOES:

Prohibits life insurance policies from excluding coverage for loss of life resulting from another person's act of terrorism. Applies to policies issued or renewed after the effective date. Takes effect 91st day following adjournment sine die.

Revenue: No impact

Fiscal: Minimal impact

Senate vote: 27-1 (Nays: Heard)

ISSUES DISCUSSED:

- Trend of insurers excluding terrorism coverage since 9/11 attacks
- Federal loss-sharing program set to end December 31, 2027
- Department of Consumer and Business Service's practice of prohibiting insurers from excluding terrorism coverage based on ORS 742.005
- Whether National Association of Insurance Commissioners (NAICS) has a model law addressing such exclusions

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon law currently prohibits three provisions in life insurance policies. A life insurance policy may not: shorten the time in which an action may be brought to less than three years; take effect or purport to be issued more than six months before the original application for insurance was made; or forfeit the policy for failure to repay a loan on the policy when the total indebtedness is less than the loan value.

Senate Bill 45 adds an additional exclusion to the prohibitions in life insurance policies. The measure prohibits a life insurance policy from excluding coverage for loss of life that results from another person's act of terrorism.