

A-Engrossed
House Bill 3272

Ordered by the House April 15
Including House Amendments dated April 15

Sponsored by Representative MARSH; Representatives GRAYBER, REYNOLDS, WITT

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.

Requires insurer that provides coverage for full replacement costs of damaged or destroyed property to allow insured not less than *[24 months of additional living expenses and not less than 24]* **12** months within which to repair, rebuild or replace damaged or lost property or, if damage or loss to property *[results from emergency or major disaster,]* **occurred in location subject to declaration of emergency**, not less than *[36]* **24** months *[of additional living expenses and time within which to repair, rebuild or replace damaged or lost property]*. **Requires insurer to provide insured with additional living expenses for period of 24 months after date of damage to or loss of insured's primary dwelling if damage or loss occurred in location subject to declaration of emergency.**

Requires insurer to add time to allowable period for repairing, rebuilding or replacing damaged or lost property and for providing additional living expenses in increments of six months for total period of not more than 24 months for repairing, rebuilding or replacing damaged or lost property, or not more than 36 months if property was located in location that was subject to declaration of state of emergency, and not more than 36 months of additional living expenses.

Requires policy of property insurance or casualty insurance that covers insured's dwelling to permit insured to combine payments up to policy limits for claims of damage to or loss of insured's primary dwelling and other structures and for any covered expenses necessary to rebuild or replace damaged or lost dwelling or other structure if policy limits are insufficient.

Requires insurer to provide insured with **opportunity to obtain** estimate of cost to repair, rebuild or replace damaged or lost property every other year at time insurer offers to renew insurance policy **if insured provides information necessary for estimate.** *[Specifies elements required in estimate.]* Prohibits policy of property insurance or casualty insurance from limiting or denying payment of replacement cost or building code upgrade cost for damaged or lost property on basis that insured has decided to rebuild or purchase existing structure in new location.

[Provides insured with cause of action for insurer's unfair claim settlement practices.]

[Creates duty of reasonable due care for insurance producer toward insured.]

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to insurance; and declaring an emergency.

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

4 **SECTION 1. Sections 2, 3 and 4 of this 2021 Act are added to and made a part of ORS**
5 **chapter 742.**

6 **SECTION 2. (1) As used in this section:**

7 (a) **"Homeowner insurance" has the meaning given that term in ORS 746.600.**

8 (b) **"Property" means structures and dwellings, and the contents of structures and**
9 **dwellings, that are covered by a policy of homeowner insurance.**

10 (2) **If a policy of homeowner insurance requires an insured to repair, rebuild or replace**
11 **damaged or lost property in order to collect the full replacement cost for the property, the**
12 **insurer shall, subject to the policy limits:**

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 (a) Allow an insured to repair, rebuild or replace damaged or lost property:

2 (A) In not fewer than 12 months after the date of the insurer's initial payment toward
3 the cash value of the property that was damaged or lost; or

4 (B) In not fewer than 24 months after the date of the insurer's initial payment toward
5 the cash value of the primary dwelling of the insured that was damaged or lost, if the dam-
6 age or loss occurred in a location that was subject to a declaration of a state of emergency
7 under ORS 401.165.

8 (b) Provide additional living expenses to an insured, subject to the policy limits for addi-
9 tional living expenses, for a period of 24 months after the date of the damage or loss to the
10 insured's primary dwelling if the damage or loss occurred in a location that was subject to
11 a declaration of a state of emergency under ORS 401.165.

12 (c) Add time to each of the periods described in paragraphs (a) and (b) of this subsection
13 in increments of six months for a total period of not more than 24 months under paragraph
14 (a)(A) of this subsection and a total period of not more than 36 months under paragraphs
15 (a)(B) and (b) of this subsection if an insured, acting in good faith and with reasonable dili-
16 gence, encounters unavoidable delays in obtaining a construction permit, lacks necessary
17 construction materials, lacks available contractors to perform necessary work or encounters
18 other circumstances beyond the insured's control.

19 (3) Subsection (2) of this section does not prohibit an insurer from allowing an insured
20 additional time to collect the full replacement cost for lost or damaged property or for ad-
21 ditional living expenses.

22 (4) A policy of homeowner insurance may not limit or deny a payment of the replacement
23 cost or building code upgrade cost, including a payment of any extended replacement cost
24 available under the policy coverage, for an insured's structure that was a total loss on the
25 basis that the insured decided to rebuild in a new location or to purchase an existing struc-
26 ture in a new location if the policy otherwise covers the replacement cost or building code
27 upgrade cost, except that the measure of indemnity may not exceed the replacement cost,
28 building code upgrade cost or extended replacement cost for repairing, rebuilding or replac-
29 ing the structure at the original location of the loss.

30 **SECTION 3.** A policy of property insurance or casualty insurance that covers an
31 insured's dwelling must permit the insured to combine payments up to the policy limits for
32 claims of damage to or loss of the insured's primary dwelling and other structures and for
33 any of the covered expenses reasonably necessary to rebuild or replace the damaged or lost
34 dwelling or other structure, if the policy limits for rebuilding or replacing the damaged or
35 lost dwelling are insufficient.

36 **SECTION 4.** An insurer shall provide to an insured every other year at the time the
37 insurer offers to renew a policy of homeowner insurance, as defined in ORS 746.600, an op-
38 portunity to obtain a new estimate of the cost necessary to rebuild or replace the covered
39 property if the insured provides information necessary for the estimate.

40 **SECTION 5.** Sections 2, 3 and 4 of this 2021 Act apply to policies of homeowner insurance
41 that an insurer issues or renews on and after the effective date of this 2021 Act.

42 **SECTION 6.** Section 3 of this 2021 Act becomes operative on July 1, 2022.

43 **SECTION 7.** This 2021 Act being necessary for the immediate preservation of the public
44 peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect
45 on its passage.

