

House Committee on Business and Labor  
900 Court St. NE,  
Salem, OR 97301

Chair Holvey, Vice-Chairs Bonham and Grayber, and members of the committee:

Thank you for the opportunity to testify before you today. My name is Matthew Timothy and I am a State Farm Agent based in Oregon City. I am here today to urge you to oppose House Bills 3171 and HB 3272. These bills could make it harder for my clients in Oregon City and beyond to afford the insurance they need. For that reason, I hope the House Committee On Business and Labor will stop these bills from moving forward.

I have spent 21 years moving around the country trying to help people understand how insurance protects them and how they can save money on their insurance. Oregon has one of the strongest consumer protection laws in the country, allowing the Division of Insurance to order insurers to pay restitution to consumers. Oregonians enjoy relatively affordable insurance rates when compared to other states. This bill will end all of that by exposing insurers to “second suits” from claimants, accusing insurers of unfair claims settlement practices whenever an insurer contests questionable or fraudulent claims. Five of the states where similar legislation passed saw increases in insurance premiums – and the numbers show that.

After adjusting for inflation, losses have increased 20 percent in Washington for the major property lines of insurance following passage of a law allowing additional first-party lawsuits.

Florida’s experiment with third-party litigation started in 1995. The average bodily injury claim payment per insured vehicle in Florida grew 68 percent between 1995 and 2013.

You may be wondering why this type of legislation raises rates. Here’s how: It creates new causes of action, letting attorneys file an additional lawsuit for how a claim was handled and for people other than policyholders to file a lawsuit about how a claim was handled. It will also expand litigation by incentivizing trial attorneys to shift discovery costs to taxpayers by requiring the state to conduct investigations that are then turned over as the basis for private litigation. Higher litigation costs to resolve claims drives up insurers’ overhead, creating strong pressure to increase premiums.

The prospect of passing laws like this that could raise insurance rates is even more dubious given the hardship that many face as a result of the COVID-19 pandemic. Oregonians are struggling. Passing any legislation that would add to their financial burden right now is the wrong course of action.

These bills are a boon to trial lawyers, but at the expense of Oregon consumers. Please help us keep our rates fair and competitive as these bills will ruin that for the Oregonians. Thank you for voting NO on HB 3171 and HB 3272.

Regards,

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