

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

I appreciate your consideration. My name is David Willis and I own David Willis Agency in Springfield, OR. I'm asking you today to vote no on House Bills 3171 and 3272.

House Bill 3171 is not unlike others we've seen proposed in Oregon previously. It is known as a "second lawsuit" law that would allow for two lawsuits for a single insurance claim, seeking damages against both the at-fault party and their insurance company.

The proponents of these bills stand to profit off of the miscellaneous lawsuits that would result, meanwhile Oregon consumers will likely suffer the consequences.

We've seen the effects of these "second lawsuit" laws and similar legislation in several other states and after reviewing the results, I hope Oregon is not the next state to implement this legislation.

Montana has a similar law, allowing a third party to sue your insurance company. This has caused Montana consumers to face higher auto insurance rates than all surrounding states. Florida's experiment with third-party litigation started in 1995. Between 1995 and 2013, the average bodily injury claim payment per insured vehicle in Florida grew 68 percent and Florida saw costs for auto liability insurance (which Oregon requires drivers to purchase) increase between 30 and 70 percent.

A 2011 study by the Insurance Research Council found that after the West Virginia State Legislature enacted reforms to reduce third-party litigation underlying insurance coverage costs were reduced by approximately \$200 million in the five-year period after the reforms were enacted.

A little closer to home, we saw how this issue played out in California. A California court decision allowed third-party lawsuits in 1979. Another court struck it down in 1988. During that decade of litigation, the number of claims and the handling costs skyrocketed, increasing bodily injury premiums 32–53 percent. After the repeal, the spikes in lawsuits, premiums and claims costs declined dramatically.

Finally, Washington state currently allows "second lawsuits" for some claims and losses have increased 20 percent for all major lines of insurance, adjusted for inflation since this type of lawsuit was permitted.

All of this is to say that we have seen the evidence of what happens when these laws are passed in other states. Oregon has an opportunity to learn from those mistakes. We already have strong consumer protections that are unique to Oregon, and are also fair and affordable. And we can't afford to risk an increase in insurance costs right now. Not as Oregonians recover from a pandemic that hit us hard financially, wildfires that claimed lives and homes, and an historic power outage that put lives on hold.

For these reasons, I urge you to vote no on House Bills 3171 and 3272.

Thank you,

David Willis
State Farm