

**John Powell & Associates**  
*Government Relations Counsel*

**Additional testimony: SB 149 Life & Health Guaranty Association  
John Powell, Feb. 10, 2021**

**Chair Burdick, Vice Chair Boquist, Senator Wagner, Senator Riley & Senator Findley:**

**My name is John Powell, I am representing the Standard and State Farm Insurance Companies. I testified briefly at yesterday's hearing on SB 149. My testimony was followed by a representative of the group calling themselves "Tax Fairness Oregon".**

**I would appreciate a few minutes to correct the record. First, they state "tax liabilities of the industry are so low that it can't take full advantage of the credit". This statement is false and would mislead your committee. All insurers in Oregon pay the corporate excise tax, just like any other corporation. In addition, most insurers pay a second tax based on the gross premiums. This retaliatory tax, when added to the corporate excise tax makes the insurance industry the fourth largest contributor to the General Fund. The second tax is paid whether or not the company made a profit.**

**Overall, insurers are a major and resilient source of tax revenue for the State of Oregon.**

**The fact that insurers could not recover the entire amount of assessments from the Life & Health Guaranty Association comes from the fact that they could only offset against the corporate excise tax, not against the insurance or retaliatory tax. Thus, in low profit years, companies could not take the assessment tax offset. This explains why about 35% of the credit goes unclaimed.**

**The person representing "Tax Fairness Oregon" testified that the FDIC premiums are "funded by fees charged to covered banks, which may then pass the cost to their customers". The FDIC premiums would be tax deductible as a required cost of doing business. Life insurance products are not conducive to the same sort of assessment as pure financial products with fixed account balances.**

**And finally, this is not a subsidy for the insurance industry. It is a subsidy for consumers who, in the unlikely event of an insolvency, would be left with no recovery. Life and health insurers have agreed to step up and subsidize policyholders who could lose their coverage. The insurers who are able to take the credit are paying the claims for insurance they did not write and made no income from over the years.**

**The sunset should be extended.**