

January 29, 2021

Chair Wilde and Committee Members
House General Government Committee

Re: HB 2214

Dear Chair Wilde and committee members:

SAIF writes to express opposition to our inclusion in HB 2214.

SAIF occupies a unique position in Oregon, as its statutory obligations include "mak[ing] insurance available to as many Oregon employers as inexpensively as may be consistent with the overall integrity of the Industrial Accident Fund, in accordance with ORS 656.634 and sound principles of insurance."

SAIF is expressly exempted from many state government requirements, including public contracting law under ORS 656.753(1). It was the intent of the Legislature in Chapter 656 for SAIF to operate "as the corporation considers appropriate" (656.853(2)), and to function "as fully as any private insurance carrier" (656.752(1)).

SAIF does not receive any taxpayer money — all funds come from customers' premium payments and investment returns on those premiums. SAIF is governed by a Board of Directors which reviews its budget and spending and is already aware of the costs associated with retention of outside counsel.

In addition, SAIF must compete with private insurance carriers in a market without limitations that place SAIF at a competitive disadvantage and inappropriately expose the private business matters of its policyholders and injured workers.

Insurance is a highly regulated industry that has global reach. Even though SAIF primarily provides services in Oregon, SAIF does have national and international contractual relationships attendant with different costs of living. The limitation proposed in HB2214 would make it virtually impossible for SAIF to readily and confidentially, for example, retain local and experienced counsel/experts should a dispute arise with a Lloyd's of London syndicate, software audit, or a number of other instances where venue(s) are likely to be outside of Salem (and, thus, over the 200% threshold).

Further, subsection 5(b) would place de facto contracting requirements on SAIF by requiring SAIF to provide the public with a "statement of justification for the cost." SAIF has no requirement to create formal cost justifications now as SAIF is not subject to procurement law.

Additionally, the subjects for which SAIF typically requires the retention of specialized, outside counsel are subjects exempt from the public records law and not designed to be made public. For example, sensitive business records, financial, and commercial information

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of SAIF is exempt from public disclosure, yet, proposed HB 2214 would require SAIF to disclose the nature of the work proposed to be done to satisfy the justification of the costs paid.

HB 2214 puts SAIF at a competitive disadvantage and harms the overall SAIF mission of providing available and affordable workers' compensation insurance for as many Oregon employers as possible and providing extraordinary service for injured workers. We ask that you oppose SAIF's inclusion in this bill.

Sincerely,

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