

## No on HB 3242 & HB 3243

### Why Bad Faith Litigation Will Hurt Oregon Consumers

Proposed legislation allowing secondary or "bad faith" lawsuits against insurers for how a claim was resolved has been repeatedly rejected in past sessions – and for good reason.

### Current Law Provides Strong Protection for Oregon Consumers

Insurers are already regulated by some of the toughest consumer protection laws in the country.

These empower the state to:

- Deny excessive rates or unfair policies proposed by insurers
- Investigate claims if consumers believe a claim was handled improperly
- Demand that insurers pay claims fairly
- Order restitution to a policyholder above the amount of the original claim
- Levy fines against insurers for acts of bad faith
- Revoke an insurers' license to do business in Oregon in the most extreme cases

If they are unsatisfied by that process, consumers can already file a claim against their insurance company for mishandling or undervaluing a claim.

### How Bad Faith Laws Will Hurt Oregon Consumers

Disrupting our insurance market at a time when consumers are being pinched by inflation and rising costs while the state faces tight budgets makes no sense. These policies will:

- Impose new costs on insurers, which studies show may risk raising rates
- Divert state resources at a time when people are facing more scams and price gouging
- Delay resolution of claims by encouraging protracted litigation

### ***Bad Faith Litigation in Other States Has Hurt Consumers***

### Lessons from WASHINGTON

When "bad faith" lawsuit legislation passed in Washington, homeowner insurance claims costs in the first two years were estimated to be \$190 million higher than they would have been without the law.

*Citation: Insurance Research Council, "The Impact of First-Party Bad-Faith Legislation on Key Insurance Claim Trends in Washington State", March 30, 2011*

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