

**Testimony Submitted by  
Chris Coughlin, Policy Director  
Oregon Consumer Justice  
To the House Committee on Business and Labor**

March 1, 2023

Regarding: Support for HB 3242

Chair Holvey, Vice-Chair Sosa, Vice-Chair Elmer, and Members of the Committee,

I appreciate the opportunity to provide testimony on behalf of Oregon Consumer Justice in support of HB 3242.

Oregon Consumer Justice (OCJ) organizes, advocates, and supports litigation to advance a justice movement that puts people first, ensuring all have the freedom to thrive and equitably share in our abundance of resources. For too long, flawed systems and economic policies that favor profits over people have stood in the way of this reality, with communities of color most often experiencing the most significant harm. Strengthened through responsive and reciprocal community relationships, OCJ is building a future where financial and business transactions can be relied upon as safe and where all Oregonians know and have recourse to exercise their consumer rights.

**Oregon consumers buy insurance for peace of mind. They buy insurance so they can be financially compensated if something goes wrong or to provide a financial cushion in the event of tragedy.** The legislature created the Oregon Unfair Claims Settlement Practices Act (UCSPA) with these concerns in mind. HB 3242 spells out that individual and small business consumers have the right to be fully compensated as determined by a jury.

HB 3242 will not change how insurance companies are expected to legally operate in the marketplace. The current claims settlement law (746.230(1)) makes it illegal for the insurance industry to:

- Lie about policy provisions when settling claims
- Fail to respond to calls, letters, or emails about claims
- Fail to investigate a claim promptly; refuse to pay a claim without conducting an investigation
- Fail to make a good faith attempt to fairly settle a claim when liability is clear
- Make lowball offers to settle, forcing the customer to sue to collect what is due
- Attempt to settle a claim for less than the policy advertising material would lead one to believe they could collect
- Fail to approve or deny a claim; fail to explain why a claim was denied within a reasonable timeframe

These basic expectations for fair business practices will remain in place.

HB 3242 will clarify what consumer protections are available to consumers when an insurance company does something that is already illegal, and ensure the statute is aligned with current case law. In January 2022, the Oregon Court of Appeals ruled that consumers should be fully compensated when their insurer violates existing law. **HB 3242 ensures individuals and small businesses can protect themselves if an insurance company wrongs them during the claims handling process.** Further, after hearing both sides, a jury may grant up to triple the compensation in the most egregious cases. Previously, the law had been interpreted to allow consumers to be compensated only for the money they were owed initially, but not for the harm caused by the illegal actions of the insurer.

We urge your support for HB 3242 to give Oregon consumers remedies when harmed by bad actors in the insurance marketplace.

Thank you for your consideration and your service to Oregon's communities.