



February 28, 2023

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Chair Holvey and members of the committee,

OSCC is a trade association for Oregon chambers of commerce that represents 86 local chambers of commerce and more than 27,000 local businesses in every corner of Oregon.

House Bills 3242 (“Bad Faith”) and 3243 (“Unlawful Trade Practices Act”) reflect a frustration when insurance claims are not executed in a way we think they should be. It gets very personal and it’s an understandable impulse.

But some context is needed: there are millions of insurance policies in Oregon and tens of thousands of insurance claims. The vast majority of claims are executed successfully, to a policyholder’s satisfaction, with little fanfare.

Insurance is also confusing. Policy coverages and terms are confusing to the average consumer. They are confusing precisely because of lawyers and response to litigation and case law – all of which HBs 3242 and 3243 will increase.

The question that HBs 3242 and 3243 raise is that given that we are dealing with only a small percentage of claims, (1) are current remedies inadequate, and (2) are the added remedies – more available lawsuits – worth the cost? We believe the answer is no.

The Oregon State Chamber of Commerce (OSCC) **opposes** House Bills 3242 and 3243.

These bills are “frequent flyers” and have repeatedly been rejected over the past decade.

The reason these bills have been rejected is because they are unneeded and would ultimately raise insurance costs on small business. These bills are not consumer friendly to the vast majority of small business consumers. To the contrary, they needlessly add expense to business consumers in an already inflationary environment.

Affordable insurance solutions are an essential necessity for business. They provide certainty and safety against potential financial ruin from the risks and liabilities associated with conducting business or owning/maintaining capital. Oregon’s insurance market is generally viewed as stable, which is a modest competitive advantage.

One factor that helps keep the market stable is how our state resolves questions around claims resolution. Through the Unfair Claim Settlement Practices Act, we have a thorough process through DCBS for any policyholder that feels they have been treated unfairly. DCBS has an effective set of tools to investigate complaints and order corrective action when required. It promotes quick resolution of claims and accountability by insurance companies.

HB 3242 would authorize “bad faith” litigation over the resolution of claims and introduce new litigation into our insurance market that add cost and more complexity to insurance policies. We do not believe, on balance, the benefit is worth the cost.



It should also be noted that policyholders already have an ability to sue their insurer for breach of contract.

We also have the benefit of seeing the results of similar policies in other states. In the State of Washington, similar laws have resulted in more litigation and higher premiums for policyholders. While it may potentially help a few consumers, it increases costs for all consumers.

Similarly, by empowering both DCBS and the Oregon DOJ to investigate claims, HB 3243 will lead to more inefficient and cumbersome enforcement with all the associated costs.

We will keep repeating this message this session – businesses are operating on small margins and facing some of the highest costs of doing business in many, many years. Bills like HB 3242 and 3243 help few and cost everyone. They would ramp up cost pressures, destabilize the insurance market, add complexity to policies to satisfy new litigation, and increase premiums for everyone.

We appreciate the opportunity to have this discussion, and we urge you to shelve this legislation as past legislatures have done.

Respectfully submitted,

JL Wilson  
Legislative Counsel