

HB 3242-A Proposed Amendment

Senate Judiciary Committee

4/18/2023

Mr. Chair and Members of the Committee:

The words in the first section of HB 3242-A – “**or other person**” – hurt insurance agents (producers), who are mostly small businesses. According to the Division of Financial Regulation, “or other person” includes insurance agents. If insurance agents stop getting involved in helping their customers through the claims process because of this bill, then that hurts consumers.

Agents can get heavily involved in claims, in all aspects from providing claim contact information to the client to advocating for coverage after a denial. Not all agents do this, but those who do care greatly about their customers and want to keep things fair. It would be much better to keep agents involved in the first place so they can fight for the consumer from the beginning of the claims process and from inside the insurance industry, rather than waiting until things get so bad that consumers must hire a lawyer.

Here are some examples of our agency’s involvement with claims on behalf of our customers. First, one of our regional insurance companies recently hired a new claims representative. We reported and got a claim started that we knew should be covered. But it was denied. I intervened by contacting the supervisor with our research, confirming indeed, this claim was covered. And eventually, this claims representative was terminated.

Another client had a terrible accident while on a trip in Canada, where the required limit is far greater. We advocated for our client to receive benefits over the Oregon limit, but this carrier couldn’t get the claim excess PIP processed. We ended up recommending the client get a lawyer and sue the carrier, which they did and won the suit. Had we not intervened, the insured would have thought they were adequately served by the \$15,000 settlement, when they were entitled to \$100,000.

In another case, our commercial insured’s vehicle was totaled. The adjuster’s evaluation of the vehicle’s value was embarrassingly low. We did a simple look up on the internet, confirmed with the client the similarity to their lost vehicle, and submitted our finding to the adjuster, who said his preliminary work was adequate. We had to intervene and talked to his supervisor, who took over and re-negotiated a fairer settlement with the client. Our client was at a dead end in negotiations until we intervened.

There are many more instances of our agency’s helping our customers with the insurance claims process. If “other person” in HB 3242-A includes agents, will we continue to assist in any way with claims? Would we willingly be involved in the potential chain of depositions, defense, testimony, and potential damages brought on by our insurers? Probably not.

This bill as it currently reads will have a negative effect on the consumer who currently relies on their insurance agent for assistance and advocacy in their claims. If agents are automatically included in lawsuits when claims fail to meet requirements, then agents’ cost in time, hassle, legal representation and increased cost of errors and omissions coverage will surely force us to stop providing any help to our customers in the claims process.

I encourage you to vote for an amendment that excludes insurance agents from the definition of “or other person” in HB 3242-A.

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