

HB 2130 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

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Meeting Dates: 4/10, 4/15

WHAT THE MEASURE DOES:

The measure increases the amount that the Oregon Insurance Guaranty Association would be obliged to pay to a cap of \$600,000 if one of their member insurers becomes insolvent on or after January 1, 2025 and establishes the Oregon Insurance Guaranty Association's responsibilities to cyber security insurance policies.

Detailed Summary

Establishes when the Oregon Insurance Guaranty Association is subject to a claim even when a member insurer has been released from any obligation.

Amends and establishes definitions related to the Oregon Insurance Guaranty Association, including adding definitions for cybersecurity insurance, incident or occurrence, and novation.

Adds an exception for insurance that the state or federal government provides to the applicability of the Oregon Insurance Guaranty Association statutes.

Increases the amount that the Oregon Insurance Guaranty Association would be obliged to pay on a covered claim that arises from the insolvency of a member insurer on or after January 1, 2025, from a cap of \$300,000 to a cap of \$600,000.

Describes the Oregon Insurance Guaranty Association's responsibilities to pay claims related to cyber security insurance policies.

Establishes when a policy holder must exhaust coverage under a policy including the right to a defense before a claim would be paid by the Oregon Insurance Guaranty Association.

Amends the liability of insured of insolvent insurer statute and what the Oregon Insurance Guaranty Association may recover from an insured with a specified net worth.

REVENUE: No revenue impact

FISCAL: Has minimal fiscal impact

ISSUES DISCUSSED:

- Modernization of the Oregon Insurance Guaranty Association (OIGA)
- Funding sources for OIGA
- Coverage for cyber security insurance policies

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Insurance Guaranty Association (Association) is a non-profit statutory entity created in 1971 and governed by ORS 734.510 – ORS 734.710. It is the property and casualty insurance guaranty association for the State of Oregon. The Association is composed of most insurance companies licensed to sell property and casualty insurance in Oregon.

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In the event that a member insurer is deemed insolvent and is ordered to be liquidated by a court, Oregon state law enables the Association to provide protection up to the limits specified by state law to certain Oregon based policyholders and claimants who are holders of property and casualty insurance policies issued by the insolvent member insurer.

House Bill 2130 increases the amount that the Oregon Insurance Guaranty Association would be obliged to pay to a cap of \$600,000 if one of their member insurers becomes insolvent on or after January 1, 2025 and establishes the Oregon Insurance Guaranty Association's responsibilities to cyber security insurance policies.

PRELIMINARY