

OREGON INSURANCE GUARANTY ASSOCIATION

Please SUPPORT HB 2130 Insurance Guaranty Act Modernization

The Oregon Insurance Guaranty Association (OIGA) manages select claims previously insured by an insolvent insurer under the Oregon Insurance Guaranty Act, ORS 734.510 - 734.710. The key purpose of OIGA is to provide for the payment of covered claims under certain insurance policies to avoid excessive delay in payment and to avoid financial loss to claimants or policyholders because of the insolvency of an insurance company. For OIGA to fulfill its consumer protection mission of keeping the insurance promise, it is imperative that the Act remains relevant with evolving insurance coverages, and up to date with insurance industry business trends. Modernizing the Act will add clarity for member insurers and assurance to Oregon consumers with these emerging insurance matters.

Executive Summary	OIGA believes modernization of the Oregon Insurance Guaranty Act and some general housekeeping updates are needed to prepare for potential risks being presented to the guaranty system from coverages or business practices that were not contemplated when the Guaranty Act was initially adopted or amended. Notably, Cybersecurity insurance coverage is trending into the admitted market through standalone cyber policies, endorsements, or from coverage that may exist in commercial general liability or similar policies. Insurance coverage limits and cost to repair damages have all increased over the years, while the statutory cap for covered losses by the guaranty fund have not been changed for over 40 years. And separately, business insurance transfer transactions may alter, or impact, guaranty fund coverage should there be a subsequent insurer insolvency. Modernizing the Oregon Insurance Guaranty Act could bring clarity to its member insurers and Oregon consumers on guaranty fund coverage in these emerging matters, and some general updates are needed to remain current and relevant.
History	The Oregon Insurance Guaranty Act was created in 1971 and the last statutory change was 2003 (very minimal – changing use of “decree” and replacing with word “judgement” in one or more places).
Proposed LC Modernization	<p>Following are proposed changes to the Act with HB 2130:</p> <ol style="list-style-type: none"> a. Cybersecurity – clarifies guaranty fund coverage. Cybersecurity products did not exist in 1971 so coverage clarity is an important update to the Act. b. Restructuring Transactions – clarifies coverage neutrality. If guaranty fund coverage was available before the Insurance Business Transfer (IBT) transaction it should remain in place after the transaction. Conversely, guaranty fund coverage should not be created by the transaction when it did not exist before the transaction. c. Statutory Cap Increase – increases the statutory cap for covered claims from new insolvencies from \$300,000 to \$600,000. Many states have updated the cap and it’s time that Oregon should do the same. \$600,000 was chosen to align with Oregon’s FAIR Plan policy limits. d. Claim Priority – clarifies exhaustion requirements from other insurance. e. Covered Claim – clarifies covered claim does <i>not</i> include claims from state or federal governments. f. Housekeeping – adds and clarifies certain definitions and provisions.
Contact Information	<p>Shawn Miller Lobbyist 503-551-7738 Shawn@MillerPublicAffairs.com Cathy Braughton-Bazant Administrator 503-641-7132 cbazant@oregoniga.org</p>