

Submitter: Jim Zupancic
On Behalf Of: Oregon Health and Fitness Alliance
Committee: House Committee On Economic Development, Small Business, and Trade
Measure, Appointment or Topic: HB3140

On behalf of the more than 300 Oregon fitness clubs, gyms and studios we represent, we urge your YES vote on HB 3140 for the following reasons.

Question: Why should the Oregon Legislature Pass HB 3140 to address the Bagley decision?

Answer: Because the unintended consequences of the Bagley decision have shifted the cost of skyrocketing insurance premiums to thousands of Oregon small businesses, and those small businesses must pass along increased costs to recreation and fitness users in the form of higher prices. In many cases small businesses have been forced to either limit recreation/fitness offerings or to close their doors.

Analysis: The Committee has received testimony from a plethora of user groups, recreation providers, and small businesses representing the recreation, health and fitness, outdoor and sporting industries. All these groups attest to skyrocketing insurance premiums, caused in large part by the risk-shifting outcome of the Bagley decision. The Bagley court did not anticipate that the unenforceability of Oregon liability waivers concerning inherently risky activities would mean that the liability insurance premiums for small businesses would skyrocket, or worse yet, that many insurance companies would simply stop offering insurance in Oregon causing businesses to close. Insurance companies are not to blame. This is simply an underwriting risk evaluation and they will not insure in states where the loss ratios are too great.

Inflation is caused by either "cost-push" or "demand-pull," meaning user-prices increase due to cost increases or greater demand than supply. These insurance premium increases create cost-push inflationary pressures and increase prices for Oregon recreation and fitness users. All other western states have adopted public policy positions that people should be able to accept a modicum of personal responsibility in return for affordable access to certain activities. The alternative is that prices continue to escalate beyond what many people can afford.

For the sake of all Oregonians, it is incumbent upon the Oregon Legislature to adopt a more sensible approach to this issue and align its policy with other western states. We urge you to vote YES on HB 3140.

Jim Zupancic
President
Oregon Health & Fitness Alliance