



OREGON DEPARTMENT OF JUSTICE

TO: Senate Committee on Judiciary

FROM: Leslie Wu, Policy Advisor to Attorney General Rayfield, Oregon Department of Justice

DATE: March 5, 2025

SUBJECT: Testimony in Support of SB 174

Attorney General Rayfield and the Oregon Department of Justice write in support of SB 174, which increases consumer protections in insurance transactions. Oregon is one of 21 states that exempts the insurance industry from our Unfair and Deceptive Acts and Practices (“UDAP”) laws.¹ This exemption deprives consumers of the tools needed to protect themselves and deprives the Department of Justice of enforcement authority in an area where consumers need it the most.

Insurance policies are complicated financial instruments, and consumers can also find themselves having to deal with stalling, unjustified denial, and other unfair practices when they suffer losses and try to make claims on their insurance policies. The Department of Justice has received at least 624 consumer complaints against insurance companies since 2020.

Fundamentally, SB 174 is about ensuring fairness for consumers that purchase insurance.

The Department of Justice is committed to safeguarding a fair marketplace for consumers in Oregon and acts as the primary enforcer of the Unlawful Trade Practices Act (“UTPA”). The UTPA also provides consumers with a private right of action through ORS 646.608. The UTPA extends to most consumer transactions including real estate, loans, and extensions of credit. Insurance transactions are not covered by the statute, which means that the Attorney General has no enforcement authority, and consumers have no ability to bring a private right of action under the UTPA. Our neighbors in Washington and California do include insurance in their UDAP statutes.

¹ According to the National Consumer Law Center’s 2018 publication, *Consumer Protection in the States: A 50-State Evaluation of Unfair and Deceptive Practices Laws*.

Additionally, the systematic dismantling of the Consumer Finance Protection Bureau (“CFPB”) has left consumers with less protection at the federal level. That agency has oversight authority over insurance companies in several key areas, including where the companies provide consumer financial products or services (loans to policyholders, premium financing), fall within the scope of enumerated federal consumer laws, operate as service providers to covered financial institutions, or engage in practices deemed “unfair, deceptive, or abusive.” With the CFPB’s enforcement capabilities severely curtailed, this creates a dangerous gap that state-level protections must now fill. Without robust state enforcement mechanisms, consumers will be left with significantly reduced protections against predatory practices in the insurance marketplace.

While our Unfair Claims Settlement Practices Act, ORS 746.230(1), does prohibit some common tactics of insurance industry bad actors, that statute does not provide the same remedies and procedural protections for consumers as does the UTPA. The Court in *Moody v. Oregon Community Credit Union* recently acknowledged that the legislature’s intent behind the existing regulatory scheme for insurers was to prohibit unfair claims processing practices and to provide protection to insureds and their beneficiaries, especially considering the insurance industry’s marketing of their products as providing “peace of mind” to their consumers. While that decision judicially recognized a private person’s right of action against an insurer at the common law, SB 174 would codify the State’s commitment to seeing those rights become a reality for Oregonians.