Written Testimony of Daniel Hinkle
Senior Counsel for Policy and State Affairs, American Association for Justice
On Behalf of the Oregon Trial Lawyers Association
Before the Oregon Senate Finance and Revenue Committee
June 11, 2025

Chair Meek, Vice-Chair McLane, and distinguished members of the Finance and Revenue Committee:

Thank you for the opportunity to submit this testimony. My name is Daniel Hinkle, and I serve as Senior Counsel for Policy and State Affairs for the American Association for Justice. I am testifying today on behalf of the Oregon Trial Lawyers Association in opposition to legislation that would allow recreation providers to escape liability for ordinary negligence.

Shared Values and Common Ground

We share common ground: Every Oregonian deserves access to outdoor adventure, and every recreation provider deserves fair insurance rates. The question before you is whether eliminating accountability will actually deliver fair rates. The evidence demonstrates that this legislation will not reduce insurance costs—it will hurt Oregon families and taxpayers while enriching Wall Street insurance companies already posting record profits.

Understanding the Insurance Business Model

To evaluate this proposal properly, it is essential to understand how the insurance business model differs from most industries. When businesses purchase insurance, they pay upfront—before any service is delivered. The insurance company takes these premiums and invests them for years before paying any claims. Under this model, insurers can profit twice: first from the premiums they charge, then from the investments they make on those premiums. If they can lower their costs—by, for example, securing legal immunity for risks they would otherwise cover—that reduction becomes pure profit.

Record Insurance Industry Profits

The past two years have been extraordinarily profitable for the property-casualty insurance industry. In 2024, property-casualty insurers recorded $169 billion in profit—almost doubling their profits from 2023 and the highest annual profit ever recorded. [1] Since 2022, they have distributed a staggering $258 billion to shareholders.

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[1] AM Best. (2025, March 18). First look: 2024 US property/casualty financial results. https://news.ambest.com/pr/PressContent.aspx?refnum=35843&altsrc=2

These record profits were achieved by raising premiums across all lines while benefiting from massive investment returns. Overall property-casualty insurance premiums rose 21% since 2022, reaching nearly $1 trillion.[2] In some states, certain lines saw price increases exceeding 50 percent over the past three years.[3]

This strategy pushed underwriting profits higher, but the real money comes from investments. Property-casualty insurers earned $85.4 billion from investments in 2024 alone.[4] Additionally, what the industry reports as underwriting "losses" often prove illusory. Insurers frequently overestimate losses—categorized as "incurred but not reported"—to provoke a sense of crisis. When these crises fail to materialize, these phantom "losses" are quietly released to shareholders as profits.[5]

Market-Based Pricing, Not Cost-Based

For today's purposes, the key point is that insurers set prices based on what the market will bear, not on actual costs. Currently, they tell policyholders whatever necessary to justify massive rate increases. For example, they claim "losses are outpacing premiums," but data from AM Best demonstrates the opposite—premiums are rising faster than losses.[6]

The Real Driver: Wildfire Risk, Not Liability

These losses are not from liability claims—they include property damage from catastrophic wildfires and hurricanes. Wildfire risk appears to be the primary driver of insurance costs in western states. My research identified insurance industry sources pointing to increased wildfire threats and rebuilding costs as the main factors underlying rate increases.

The National Ski Areas Association's Economic Analysis confirms that insurance represents only 2.3 percent of ski resort operating revenue.[7] MountainGuard—the oldest multi-line program providing insurance to the ski industry in North America—reported that

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[2] *Id*.

[3] Consumer Federation of America. (2025, April 1). New report finds American homeowners faced 24% increase in homeowners insurance premiums over the past three years [Press release]. https://consumerfed.org/press_release/new-report-finds-american-homeowners-faced-24-increase-in-homeowners-insurance-premiums-over-the-past-three-years/

[4] AM Best. (2025, March 18). First look: 2024 US property/casualty financial results. https://news.ambest.com/pr/PressContent.aspx?refnum=35843&altsrc=2

[5] Hunter, J. R., Doroshow, J., & Heller, D. (2020, March). *How the cash-rich insurance industry fakes crises and invents social inflation*. Consumer Federation of America and Center for Justice & Democracy. https://consumerfed.org/wp-content/uploads/2021/04/How-the-Cash-Rich-Insurance-Industry-Fakes-Crises-and-Invents-Social-Inflation.pdf

[6] AM Best. (2025, March 18). First look: 2024 US property/casualty financial results. https://news.ambest.com/pr/PressContent.aspx?refnum=35843&altsrc=2

[7] Brinton, K. (2024, September). The cost of coverage. *SAM Magazine*, *News & Views*. https://www.saminfo.com/archives/2020-2029/2024/september-2024/news-views-september-2024

liability coverage costs have remained stable, with premium increases largely driven by property insurance affected by wildfire risk.[8]

However, wildfire risk doesn't justify immunity from liability claims. When insurers raise premiums, they blame liability regardless of the actual cause of rate increases.

Case Study: Chubb Insurance

Chubb exemplifies this strategy. Chubb writes insurance for recreation providers in Oregon and would benefit from this legislation. Despite doubling its catastrophe-related losses in 2024, Chubb achieved a record $5.9 billion underwriting profit—representing premiums collected minus claims paid, before considering investment profits.[9] The full year results were described as "the best in our company's history." Nevertheless, their CEO has called for a "long-term political campaign" to limit liability—not because claims are rising, but to justify and protect massive profit margins.[10]

Research Confirms: Liability Limits Don't Reduce Premiums

Academic research confirms what we would expect. Researchers from Northwestern University, University of Hawaii, and University of Wisconsin-Madison analyzed decades of data across all fifty states and found that when states limited liability through tort reforms, insurance companies increased profits but didn't reduce premiums.[11]

The Industry's True Agenda – Pure Profit, no Responsibility

The insurance industry's own data reveals their true agenda: maximize profits while minimizing accountability. They've raised rates citing various fears while simultaneously lobbying to eliminate their obligation to pay legitimate claims. They want to collect higher premiums for risk while avoiding responsibility when that risk materializes.

This proposal asks you to trust blindly that limiting injured Oregonians' rights will somehow reduce costs, despite all evidence showing insurers will pocket any savings from reduced

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[8] *Id.* ("MountainGuard has found the **general liability market to be very stable**, said Hendrickson, and workers' compensation is flat, even soft**. The property market is hard, however, and he expected the umbrella excess market to harden, too**.")

[9] Chubb posts record P/C underwriting income for Q4 and 2024. (2025, January 29). *Insurance Journal*. https://www.insurancejournal.com/news/national/2025/01/29/809974.htm

[10] Souter, G. (2024, May 7). Chubb's Greenberg calls for prolonged tort reform campaign. *Business Insurance*. Archived at https://web.archive.org/web/20240615213331/https://www.businessinsurance.com/article/20240507/NEWS06/912364331/Chubb%E2%80%99s-Evan-Greenberg-calls-for-prolonged-tort-reform-campaign

[11] Black, Bernard S. and Traczynski, Jeffrey and Traczynski, Jeffrey and Udalova, Victoria and Udalova, Victoria, *How Do Insurers Price Medical Malpractice Insurance?*. IZA Discussion Paper No. 15392, Available at SSRN: https://ssrn.com/abstract=4151271

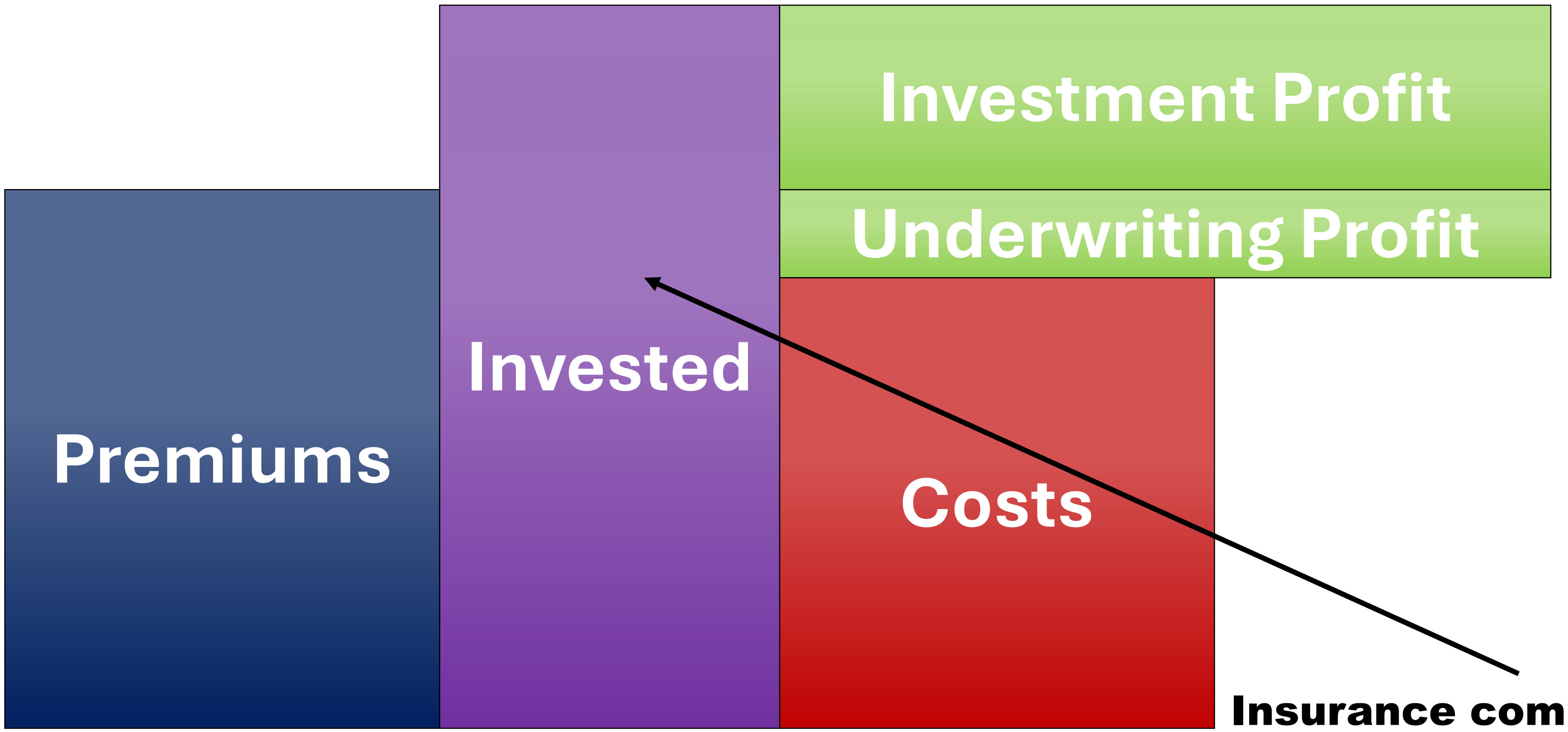
liability. I urge you to vote no on this legislation. Do not sacrifice your constituents' rights to pad insurance industry profits.

Thank you for your consideration of this testimony. I would be happy to provide additional information or answer any questions the committee may have.

Respectfully submitted,

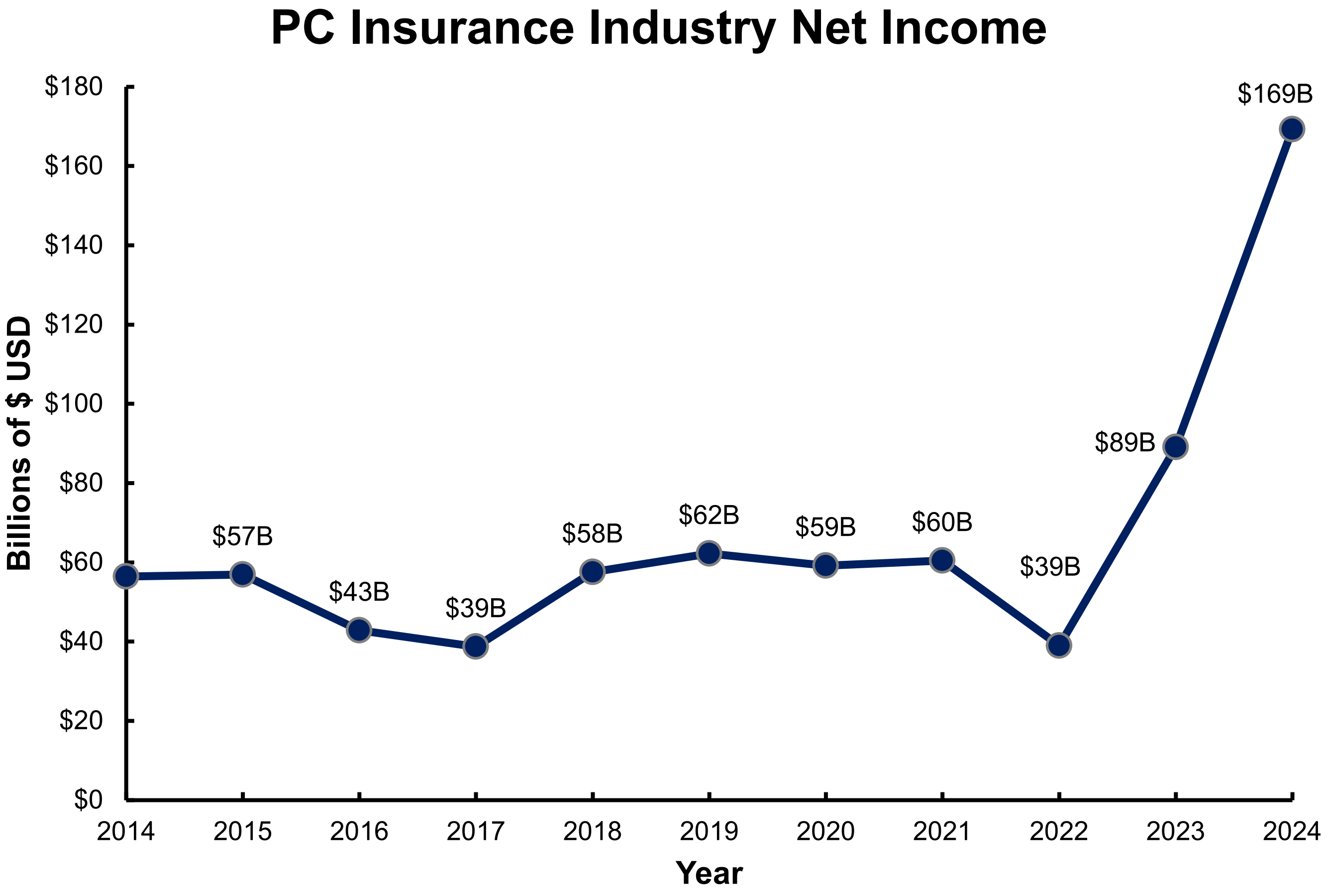
Daniel Hinkle
Senior Counsel for Policy and State Affairs
American Association for Justice
On behalf of the Oregon Trial Lawyers Association

Insurance companies are unique because they receive revenue upfront. They can then invest this money.



Insurance companies call this money "float," or sometimes "a free cash loan."

Insurance industry profits are at an all time high.



2024 was the insurance industry's most profitable year in history. After costs and taxes, the industry made $169 billion.

That marks a 90% jump from 2023, which was also a record, and a 333% increase from 2022.

Source: First Look: 2024 US Property/Casualty Financial Results, AM Best, March 18, 2025.

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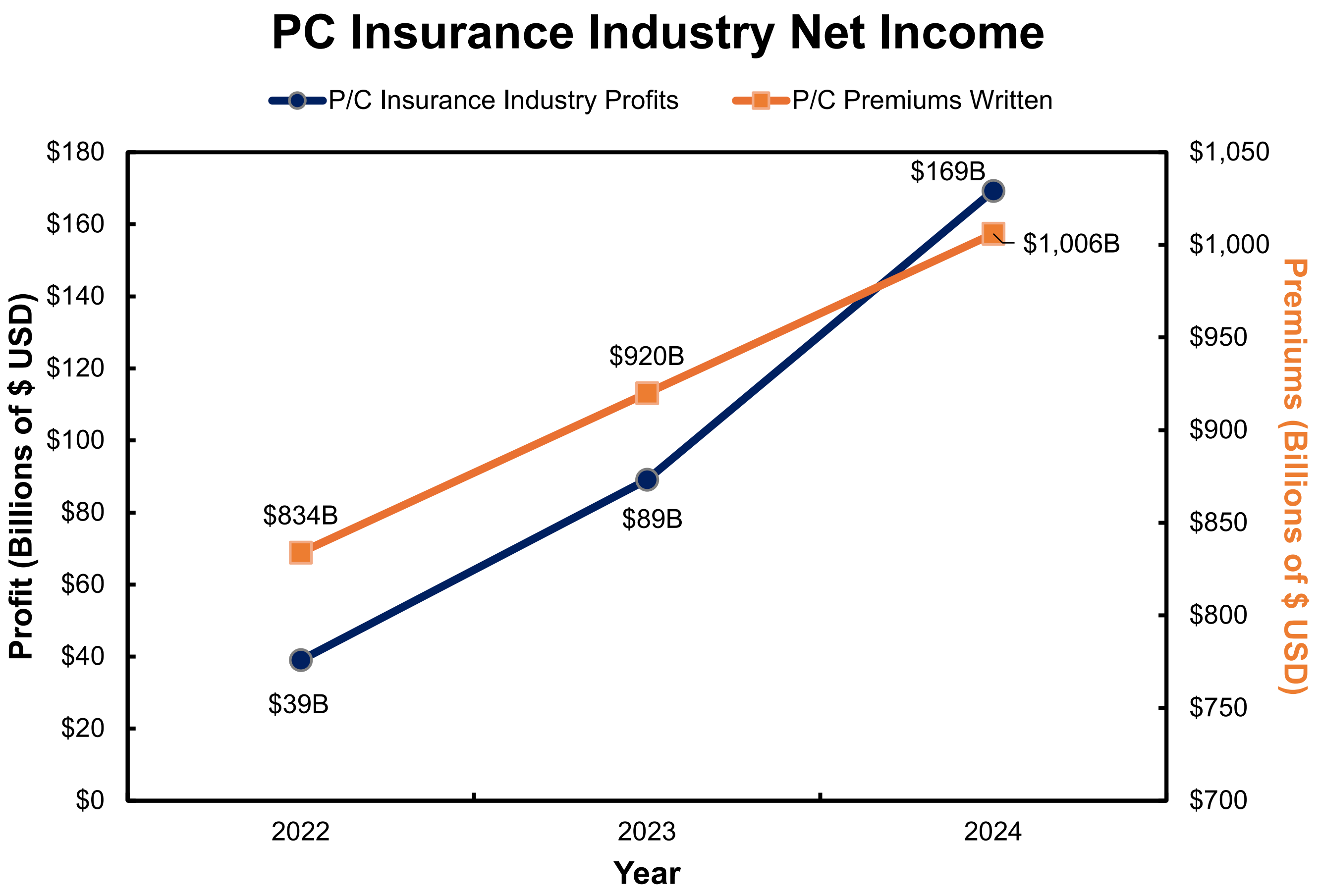

These profits came on the backs of huge rate increases.

Overall P/C insurance premiums rose 21% since 2022, to nearly $1 trillion.

Source: First Look: 2024 US Property/Casualty Financial Results, AM Best, March 18, 2025.

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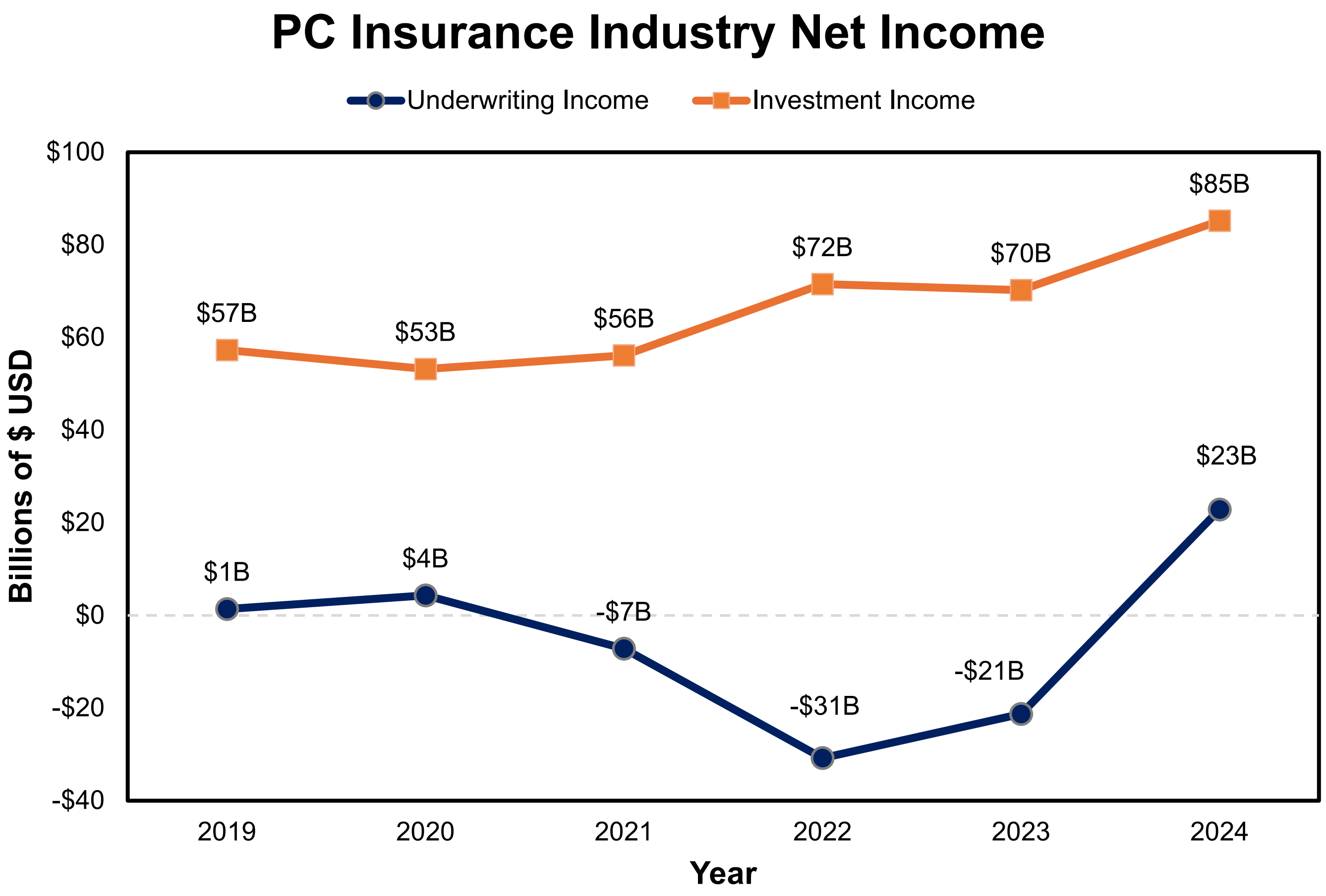

When talking about financial results, insurers like to focus on underwriting income.

However, because insurers take in premiums and invest them *before* paying out costs, investment income is far more important.

Source: Déjà vu All Over Again: More Secondary Events as US P/C Industry Marches Toward Rate Adequacy, AM Best, February 20, 2025; First Look: 2024 US Property/Casualty Financial Results, AM Best, March 18, 2025.

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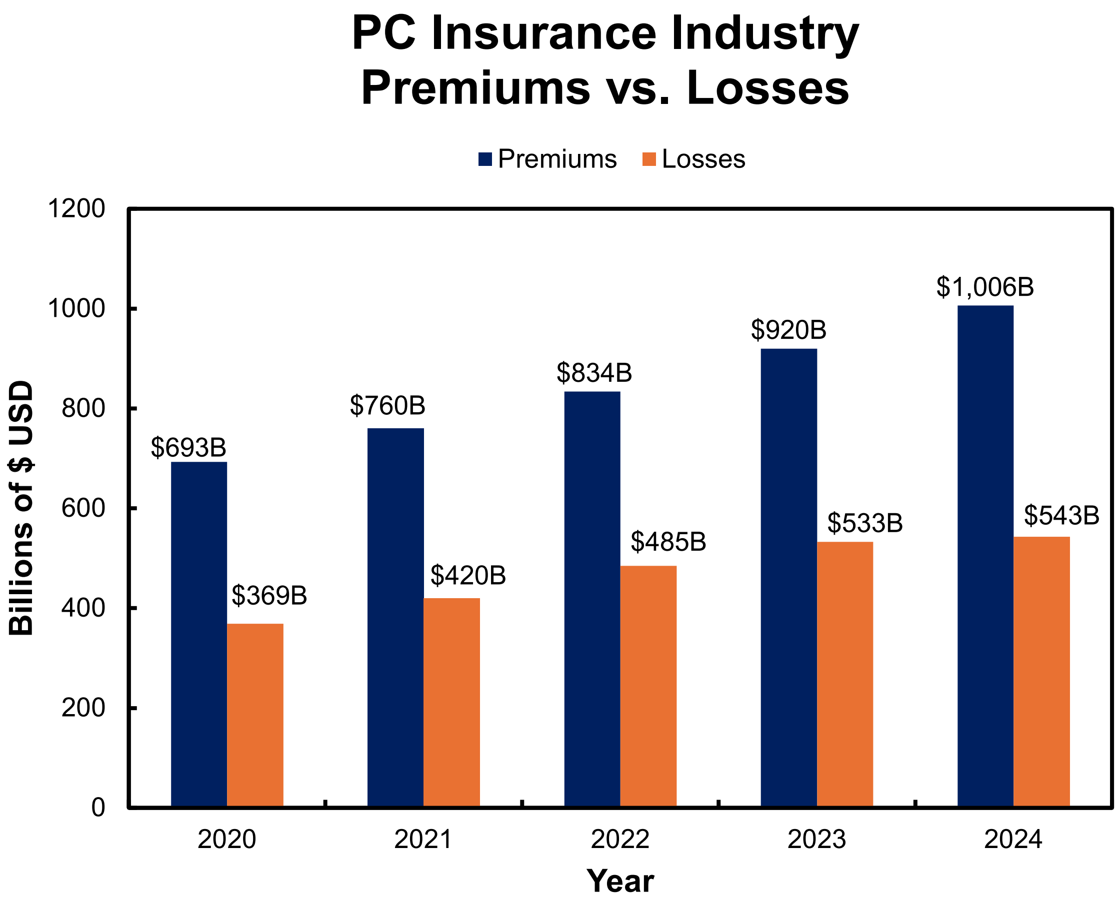

Insurers claimed they needed to raise premiums because of increased losses:

"[I]n recent years, losses are outpacing premiums, which has resulted in turmoil in the insurance marketplace with consumers facing challenges with the cost and availability of insurance." **– David A. Sampson, president and CEO of the American Property Casualty Insurance Association.**

However, losses have stayed significantly lower than premiums for years.

Source: First Look: 2024 US Property/Casualty Financial Results, AM Best, March 18, 2025; Viewpoint: As Insurance Losses Outpace Premiums, State Regulators Play a Critical Role, Insurance Journal, November 26, 2024.

Insurance industry is embarking on a “political campaign” to push for tort reform.

"We're not going to address this simply as an insurance industry. We are the wrong ones to front it… We are not the sympathetic audience…

It's going to take money… It's going to take talent. It's going to have to be approached like a long-term campaign, political campaign, where organizers come together and organize corporate America…

We have data, we have knowledge, we have money, and we can help.“

- Evan Greenberg, CEO of Chubb