



June 23, 2025

TO: Members of the House Committee on Rules

FR: Derek Sangston, Oregon Business & Industry

RE: Opposition to SB 174

Chair Bowman, Vice-Chair Drazan, Vice-Chair Pham, members of the House Committee on Rules. For the record, I am Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in opposition to SB 174. OBI opposes SB 174 because, by authorizing a private right of action and class actions through Oregon's Unlawful Trade Practices Act for alleged violations of insurance regulations, the bill would dramatically increase litigation in the state's already overburdened court system and increase insurance prices for Oregonians.

Oregon already has a strong system in place to protect consumers from bad acting insurance companies. Currently, the insurance division can order insurers to pay claims when it finds insurers have acted in bad faith. It can also order those insurers to pay restitution and levy fines. Additionally, recent Oregon court decisions allow consumers to hold their insurance company liable for emotional distress damages under certain circumstances. SB 174 would add another layer of regulation to Oregon's already complex insurance market. A recent study OBI commissioned found Oregon is already the 7th most regulated state. SB 174 would add yet another redundant layer of regulation further increasing costs on Oregonians and making the state less competitive for economic development.

Studies show expanding litigation against insurance companies to include third-party lawsuits, as SB 174 would, not only leads to increased insurance costs borne by Oregonians but threatens to upend the insurance market in Oregon. All at a time when Oregonians are struggling with high costs on everything from homes and groceries to taxes in this state. Understanding that effect of this type of policy, other states have either proactively passed legislation to avoid third-party litigation against insurance companies or repealed policies allowing those claims.

For those reasons, I request that this committee reject SB 174. Thank you for your consideration.

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