

# SENATE COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT

February 15, 2005  
1:00 P.M.

Hearing Room B  
Tapes 22 - 23

**MEMBERS PRESENT:**     **Sen. Rick Metsger, Chair**  
                              **Sen. Bruce Starr, Vice-Chair**  
                              **Sen. Jason Atkinson**  
                              **Sen. Ryan Deckert**  
                              **Sen. Laurie Monnes Anderson**

**STAFF PRESENT:**       **Theresa Van Winkle, Committee Administrator**  
                              **James Goulding, Committee Assistant**

**MEASURES/ISSUES HEARD:**  
                              **SB 207 – Public Hearing**  
                              **SB 151 – Public Hearing**  
                              **SB 336 – Public Hearing**  
                              **SB 462 – Public Hearing**

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These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

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| <b>TAPE/#</b>                         | <b>Speaker</b>    | <b>Comments</b>   |
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| <b>TAPE 22, A</b>                     |                   |   |
| 003                                   | Chair Metsger     | Calls the meeting to order at 1:04 p.m. Opens a public hearing on SB 207.   |
| <b><u>SB 207 – PUBLIC HEARING</u></b> |                   |   |
| 010                                   | Kevin Neely       | Oregon Department of Justice, Office of Attorney General. Begins testimony in favor of SB 207. Explains the details of the bill in protecting consumers from cancellation of insurance without proper notification. |
| 045                                   | Sen. Vicki Walker | Senate District 7. Testifies in favor of SB 207. Relates experience of a car crash she was in. Talks about the driver of the vehicle not having been properly notified of the termination of his insurance.         |
| 080                                   | Sen. Walker       | Offers the ramifications of the incident. Outlines how the bill would correct the issue.  |
| 120                                   | Chair Metsger     | Asks for clarification on e-mail return receipts.   |
| 125                                   | Sen. Walker       | Responds that it allows verification that an e-mail has been read.  |
| 135                                   | Chair Metsger     | Wonders why the individual was not notified of renewal.   |
| 140                                   | Sen. Walker       | States he was up for renewal, but he did not receive the proper notification.   |
| 155                                   | Chair Metsger     | Closes public hearing on SB 207. Opens a public hearing on SB 151.  |
| <b><u>SB 151 – PUBLIC HEARING</u></b> |                   |   |
| 170                                   | Neil Jackson      | Neil Jackson and Partners, Oregon Trial Lawyers Association. Begins testimony in favor of SB 151. Presents written testimony to the committee ( <b>EXHIBIT A</b> ).   |

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| 200 | Jackson       | Discusses the need for additional personal injury protection (PIP) in response to accidents and injuries.   |
| 230 | Chair Metsger | Asks if rates have been changed since the 1983 session.   |
| 235 | Jackson       | Responds that, as far as he knows, most of the current minimum rates were set in 1983.  |
| 250 | John Powell   | John Powell & Associates. Presents written testimony on SB 151 ( <b>EXHIBIT B</b> ).  |
| 280 | Powell        | Testifies in favor of amending the bill to prevent insurance rate increases for lower income customers.   |
| 320 | Powell        | Outlines the changes he would recommend to the bill.  |
| 350 | Chair Metsger | Assumes that there are inflationary issues that need to be addressed.   |
| 360 | Powell        | Concurs with his assumption. Makes additional comments.   |
| 370 | Sen. B. Starr | Voices his curiosity with the workings of the market. Asks if consumers know about additional insurance protections that are available.   |
| 390 | Powell        | Replies that most insurance agents are careful to go over coverage options with consumers.  |
| 415 | Shawn Miller  | Property Casualty Insurers Association of America (PCI). Explains his concerns with SB 151 as drafted. Notes he is receptive to Mr. Powell's proposed amendments. Hopes that all parties can work together on this issue. |

**TAPE 23, A**

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| 005 | Lana Butterfield | Safeco Insurance Company. Presents written testimony on SB 151 ( <b>EXHIBIT C</b> ).  |
| 020 | Chair Metsger    | Remarks on her testimony in regards to policy rate increases resulting from this legislation. Wonders how much insurance rates are raised every year while the same amount of coverage is provided. |
| 027 | Butterfield      | Replies she does not know, but will get back to him with that information.  |
| 029 | Chair Metsger    | Asks if Mr. Miller has a response to that question.   |
| 030 | Miller           | Asks for clarification on the question.   |
| 035 | Chair Metsger    | Makes comments in regards to his concerns to insurance rate increases, while benefits go down or stay the same.   |
| 047 | Mike Colbach     | Testifies on behalf of his client and in favor of SB 151, who was struck by a drunk driver and suffered severe injuries. Disagrees with previous comments.  |
| 065 | Chair Metsger    | Points out PIP is only an element, but not the entire coverage available.   |
| 075 | Colbach          | Feels the amount provided should be proportionate.  |
| 080 | Chair Metsger    | Closes public hearing on SB 151. Opens public hearing on SB 336.  |

**SB 336 – PUBLIC HEARING**

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| 085 | Senator Charlie Ringo | Senate District 17. Testifies in favor of SB 336.  |
| 100 | Neil Jackson          | Neil Jackson and Partners, P.C. Testifies in favor of SB 336. Makes remarks on the details of the bill. Outlines the inflation factor involved and that the PIP payment amounts have not kept up. Demonstrates the price differential. |
| 145 | Sen. Monnes Anderson  | Offers her concern that only lawyers have testified in favor of this. Asks what percentage a lawyer takes from a trial.  |
| 150 | Sen. Ringo            | Discusses payment options. States that lawyers generally take a third of the settlement, and will take more when the case actually   |

170 Sen. Ryan Deckert goes to trial.  
Senate District 14. Presents written testimony in favor of SB 336  
(**EXHIBIT D**).

200 Eric Rhodes Testifies in favor of SB 336. Describes an auto accident that left  
him and two relatives with massive injuries. Points out the high  
medical costs involved.

235 Chair Metsger Wonders who was at fault in the accident.  
240 Rhodes Outlines evidence that his vehicle was not at fault and the  
subsequent investigation.

255 Chair Metsger Asks about the guilty party's level of insurance.  
265 Rhodes Relates that the driver at fault was under insured. Makes note  
that his brother is disabled for life as a result of the accident.

305 Chair Metsger Wonders who is covering his treatments if the PIP is not.  
320 Rhodes Outlines the additional sources of insurance available. Describes  
his concern that he would have to declare bankruptcy, which  
would hurt his chances for ever owning a home.

325 Sen. Atkinson Asks about his dealings with insurance companies.  
335 Rhodes States the insurance companies were reluctant to assist him.  
Offers his written testimony to the committee (**EXHIBIT E**).

355 Tressa Anderson Presents written testimony in favor of SB 336 (**EXHIBIT F**).  
Relates the details of her accident and the aftermath.

380 Anderson Relates additional details of the accident and insurance problems  
that followed.

**TAPE 22, B**

005 Anderson Continues testimony in favor of raising PIP payment amounts.  
015 Colbach Gives additional testimony in favor of SB 336.  
030 John Powell John Powell & Associates. Presents written testimony in  
opposition to SB 336 (**EXHIBIT G**). Discusses the impact  
increased PIP payments would have on insurance rates.

060 Powell Observes the correlation between higher insurance rates and  
number of uninsured drivers.

090 Shawn Miller Property Casualty Insurers. Testifies in opposition to SB 336,  
presents written testimony to the committee (**EXHIBIT H**).  
Concurs with observations made by Mr. Powell that increasing  
the limits would increase the amount of uninsured drivers.

135 Chair Metsger Observes that insurance rates have kept up with inflation, but the  
amount of coverage has not.

150 Powell Asks for clarification on the question.  
155 Chair Metsger Wishes to know why the policy protections do not increase with  
policy rates.

160 Powell Discusses claim averages, and the difficulty of covering extreme  
cases. Feels average claims are covered well. Details how the  
frequency of claims affects the cost. Reiterates the problems of  
uninsured drivers.

180 Chair Metsger Asks who is keeping statistics on driver insurance.  
190 Powell Notes that to get new license renewals one has to demonstrate  
proof of insurance. Offers it is impractical to keep track of those  
that attain coverage only to cancel it after receiving a license  
renewal. Discusses the money spent to keep track of uninsured  
drivers.

210 Chair Metsger Considers that with the reduction in state police patrols, less  
uninsured drivers are being caught.

213 Powell Responds that is a possibility.  
215 Chair Metsger Questions the reasoning for lower insurance requirements.

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| 225 | Powell                  | Feels that is another policy issue.   |
| 227 | Chair Metsger           | Asks where State Farm would stand on that issue.  |
| 230 | Powell                  | Observes State Farm would not be affected.  |
| 235 | Miller                  | States he could check on other insurance company rates.   |
| 237 | Chair Metsger           | Feels it is a difficult problem to make sure everyone is covered and also to make sure the coverage is adequate and affordable.   |
| 240 | Sen. Monnes<br>Anderson | Asks for clarification about when current bodily injury rates were established.   |
| 250 | Powell                  | Replies that he doesn't know.   |
| 255 | Sen. Deckert            | Observes the insurance cost factor and that a solution is needed for those who need more assistance.  |
| 270 | Miller                  | Relays that they don't have a position on this issue as yet. Points out that is an issue that needs to be addressed.  |
| 275 | Powell                  | States the limitations involved in coverage.  |
| 305 | Sen. Deckert            | Notes that a work group might be needed to address these problems. Feels a well thought out solution is needed.   |
| 320 | Sen. B. Starr           | Voices similar concerns over catastrophic coverage. Asks if additional coverage could be purchased. Wonders about additional legal remedies to go after the guilty parties. |
| 335 | Powell                  | Replies that those who have substantial assets often purchase extra insurance to prevent excessive liability.   |
| 345 | Sen. Monnes<br>Anderson | Wonders about rate setting by the legislature. Brings up the example of the Public Utility Commission. Asks if the legislature has set rates in the past.                   |
| 360 | Powell                  | Responds that the minimum limits were established by the legislature.   |
| 380 | Sen. Monnes<br>Anderson | Asks about Alaska and Maine's rate changes.   |
| 390 | Powell                  | Notes that rate changes in those states occurred recently.  |
| 400 | Chair Metsger           | Closes the public hearing on SB 336. Opens a public hearing on SB 462.  |

**SB 462 – PUBLIC HEARING**

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| 405 | Sarah Reeder | Oregon Dental Service (ODS). Explains the function of ODS and its client base. Explains the purpose of SB 462. |
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**TAPE 23, B**

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| 003 | Jon Jurevic             | Senior Vice President of Finance ODS. Testifies in favor of SB 462.   |
| 040 | James Kennedy           | Legal counsel ODS. Present written testimony ( <b>EXHIBIT I</b> ) in favor of SB 462.                           |
| 090 | Chair Metsger           | Discusses the bill as he understands it.  |
| 100 | Sen. Monnes<br>Anderson | Considers ODS investment practices. Asks if the measure will limit their investment activity.                   |
| 105 | Kennedy                 | Replies prior investments will be grandfathered and establish post transition limits.                           |
| 110 | Sen. Monnes<br>Anderson | Wonders if this legislation could have adverse effects on ODS investment ability.                               |
| 115 | Kennedy                 | Notes the impact is adverse on ODS, but they are willing to support it as long as there is a transition period. |
| 125 | Sen. Deckert            | Observes the amount of ORS citations contained in the written testimony.  |
| 135 | Chair Metsger           | Feels Sen. Monnes Anderson made some very valid points. Notes some details he has observed.                     |
| 150 | Carl Lundberg           | Deputy Administrator, Insurance Division, Department of Consumer and Business Services (DCBS). Submits written  |

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|     |               | testimony on behalf of Administrator Joel Ario ( <b>EXHIBIT J</b> ).<br>Testifies in support of SB 462.  |
| 180 | Lundberg      | Discusses current investment standards for health care service providers. Observes their standards are far less strict than the standards for insurance companies. |
| 210 | Chair Metsger | Clarifies that they have had contact with other health service providers.  |
| 215 | Lundberg      | Affirms they have. Notes changes from similar legislative efforts in previous sessions.  |
| 220 | Chair Metsger | Makes concluding remarks on the bill. Closes public hearing on SB 462. Adjourns committee at 2:46 p.m.   |

### **EXHIBIT SUMMARY**

- A. **SB 151, Written testimony, Neil Jackson, 2 pp**
- B. **SB 151, Written testimony, John Powell, 4 pp**
- C. **SB 151, Written testimony, Lana Butterfield, 1 p**
- D. **SB 336, Written testimony, Ryan Deckert, 1 p**
- E. **SB 336, Written testimony, Eric Rhodes, 8 pp**
- F. **SB 336, Written testimony, Tressa Anderson, 1 p**
- G. **SB 336, Written testimony, John Powell, 4 pp**
- H. **SB 336, Written testimony, Shawn Miller, 1 p**
- I. **SB 462, Written testimony, James Kennedy, 2 pp**
- J. **SB 462, Written testimony of Joel Ario, Carl Lundberg, 2 pp**