

SENATE COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT

March 29, 2005
1:00 P.M.

Hearing Room B
Tapes 50 - 51

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

MEMBER EXCUSED: Sen. Jason Atkinson

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

MEASURES/ISSUES HEARD:

SB 949 – Public Hearing
SB 950 – Public Hearing
SB 951 – Public Hearing
SB 952 – Public Hearing
SB 923 – Public Hearing and Work Session
SB 924 – Public Hearing and Work Session
SB 925 – Public Hearing and Work Session
SB 926 – Public Hearing and Work Session
SB 922 – Public Hearing

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.

TAPE/#	Speaker	Comments
TAPE 50, A		
003	Chair Metsger	Calls the committee to order at 1:03 p.m. Notes they have a number of related insurance bills that they will hold testimony on simultaneously. Opens a public hearing on SB 949, SB 950, SB 951, SB 952.
<u>SB 949, SB 950, SB 951, SB 952 – PUBLIC HEARING</u>		
011	Chair Metsger	Observes the -1 amendments to SB 949 (EXHIBIT A), and the -1 amendments to SB 951 (EXHIBIT B), that have been given to the committee members.
021	Neil Jackson	Oregon Trial Lawyers Association. Testifies in favor of SB 949. Provides backgrounds for the measures and some history of legal cases. Presents written testimony on SB 949 (EXHIBIT C).
057	John Powell	State Farm Insurance and Liberty Northwest. Defers to Mr. Murrell to speak to the particulars of the bills before the committee. Notes the insurance rate increases that would result from passage of these bills.
067	Steve Murrell	Attorney, State Farm Insurance. Testifies in opposition to SB 949. Remarks on their arbitration policies.
095	Murrell	Discusses the arbitration process and how it functions. Describes

		the uniform trial court rules as they would apply to arbitration cases.
120	Sen. Monnes	Questions how many claims State Farm has and how many of those are arbitrated.
125	Murrell	Estimates that arbitrated cases number in the hundreds and that most do not require it.
127	Chair Metsger	Inquires which changes Mr. Murrell is most concerned about.
130	Murrell	Replies the rules of evidence changes concern him most.
133	Chair Metsger	Asks about the industry standards for arbitration. Considers the proposed standard.
143	Murrell	Notes that in certain scenarios it is beneficial. Feels it would be nice to have it as an option.
150	Jackson	Concurs with Mr. Murrell. Offers that in some cases it would be beneficial.
157	Chair Metsger	Solicits his opinion on the standards of evidence.
159	Jackson	Replies that most insurance companies use the standards already.
170	Sen. B. Starr	Wonders what the average arbitration cost is.
175	Murrell	Offers that they vary greatly, and that very few hearings last more than one day.
181	Sen. B. Starr	Asks for an estimated cost.
183	Murrell	Estimates the cost.
185	Sen. B. Starr	Questions who would be responsible for the cost.
187	Murrell	Explains the cost break down.
188	Sen. B. Starr	Wonders how the measure would change this.
189	Jackson	Replies it would not address this particular part of the process.
193	Chair Metsger	Considers the extra costs involved.
197	Murrell	Responds in regards to quality of the process.
203	Chair Metsger	Asks to hear their thoughts on SB 950.
207	Jackson	Presents written testimony in support of SB 950 (EXHIBIT D). Mentions some amendments being drafted to the measure.
240	Jackson	Further describes the function of the measure in recovery of PIP costs.
277	Murrell	Testifies with his concerns on SB 950. Describes current recovery methods.
310	Murrell	Details the problems he observes with SB 950.
325	Chair Metsger	Asks Mr. Jackson to address some of the points brought up by Mr. Murrell.
330	Jackson	Disagrees with some of Mr. Murrell's interpretations.
365	Chair Metsger	Considers how widespread the problem is.
377	Sen. B. Starr	Asks if Mr. Murrell would be willing to support the amendments Mr. Jackson is drafting.
380	Murrell	States he would have to see the amendments, notes some other changes that could be made.
393	Chair Metsger	Hopes that they can reach a solution on SB 950. Asks Mr. Jackson to testify on SB 951.
395	Jackson	Presents written testimony in support of SB 951 (EXHIBIT E).
420	Chair Metsger	Clarifies if the measure would cover the children of individuals involved in an accident.
430	Sen. Monnes	Asks if it would apply to non relatives.
	Anderson	
TAPE 51, A		
003	Jackson	Clarifies that it only applies to members of a family living in the same household. Continues describing SB 951.
025	Murrell	Offers that auto insurance is not the only solution. Describes the

		current law and previous case decisions. Relates his opposition to SB 951.
055	Murrell	Talks about current state laws and their functions. Observes the problems with transferring insurance responsibility between victims.
077	Chair Metsger	Brings up his concerns over the fraud possibilities.
091	Powell	Clarifies that coverage in the auto policy covers all those areas. Notes the limitations on the liability portion of the policy.
110	Chair Metsger	Questions the tort issues with the state.
113	Jackson	Notes that it is statutory
115	Chair Metsger	Wonders what his thoughts would be in regards to changes that could be made to that law.
117	Jackson	Discusses personal responsibility and liability.
129	Sen. B. Starr	Notes his concern over premium costs. Wonders what the passage of this bill would do to rates.
137	Murrell	Describes the calculation of premium rates and potential impacts.
150	Sen. B. Starr	Asks for a ball park figure.
153	Murrell	Replies he would have to get back to him with that.
155	Sen. B. Starr	Makes additional liability observations.
157	Murrell	Agrees.
160	Chair Metsger	Moves the discussion to SB 952.
165	Jackson	Presents written testimony in favor of SB 952 (EXHIBIT F).
195	Jackson	Continues to describe and support SB 952.
225	Murrell	Offers testimony in opposition to SB 952. Explains his interpretation of the current state of the law in regards to recovery of damages.
260	Murrell	Relates further concerns.
The following prepared testimony is submitted for the record without public testimony:		
	Eric Rhodes	Written testimony in support of SB 951 (EXHIBIT G).
290	Chair Metsger	Closes public hearing on SB 949, SB 950, SB 951, and SB 952. Opens a public hearing on SB 922, SB 923, SB 924, SB 925, SB 926.
<u>SB 922, SB 923, SB 924, SB 925, SB 926 – PUBLIC HEARING</u>		
300	Chair Metsger	Organizes the order of testimony.
320	Wendy Johnson	Oregon Law Commission. Describes her job and functions of the commission.
360	Johnson	Relays the bills before them and the origins behind them.
390	Johnson	Presents her report to the committee on SB 922 (EXHIBIT H), SB 923 (EXHIBIT I), SB 924 (EXHIBIT J), SB 925 (EXHIBIT K), and SB 926 (EXHIBIT L). Defers to the testimony of her colleagues.
400	Joel DeVore	Attorney, Luvaas Cobb, P.C. Testifies in support of SB 923. Expresses his views on the car insurance industry.
TAPE 50, B		
005	DeVore	Discusses his background representing claims. Feels SB 923 finishes what previous legislation started.
035	DeVore	Talks about overlooked statute language that this measure will correct.
053	Murrell	Notes that State Farm Insurance already practices the changes that would be made by SB 923, and would not be affected.
063	Jackson	Supports the measure and provides written testimony on SB 923 (EXHIBIT M).
070	Chair Metsger	Notes the -1 amendment to SB 923 (EXHIBIT N).

073 Murrell
088 Chair Metsger

SB 923 – WORK SESSION

093 Sen. B. Starr

095

Chair Metsger
096 Sen. B. Starr

097

Chair Metsger

099 Chair Metsger

SB 924 – PUBLIC HEARING

101 DeVore

130 DeVore

137 Murrell
161 Jackson
175 Chair Metsger

SB 924 – WORK SESSION

176 Sen. B. Starr

178

Chair Metsger

179 Chair Metsger

SB 925 – PUBLIC HEARING

180 DeVore
207 Murrell
210 Jackson
229 Chair Metsger

SB 925– WORK SESSION

232 Sen. B. Starr

233

Chair Metsger

236 Chair Metsger

SB 926 – PUBLIC HEARING

Explains the changes that would be made by the amendment.
Closes public hearings on SB 922, SB 923, SB 924, SB 925, and SB 926. Opens a work session on SB 923.

MOTION: Moves to ADOPT SB 923-1 amendments dated 03/24/05.

VOTE: 3-0-2

EXCUSED: 2 - Atkinson, Deckert

Hearing no objection, declares the motion CARRIED.

MOTION: Moves SB 923 to the floor with a DO PASS AS AMENDED recommendation.

VOTE: 3-0-2

EXCUSED: 2 - Atkinson, Deckert

Hearing no objection, declares the motion CARRIED.

SEN. METSGER will lead discussion on the floor.

Closes work session on SB 923. Opens public hearing on SB 924.

Explains SB 924. Talks about insurance policy issues that occur when vehicles are stolen and injure the owner.

Discusses collection for injuries when you are injured by your own vehicle while drive by somebody else. Details the concept of “phantom cars”, or a vehicle that causes an accident to occur even without impacting another car.

Covers a few additional points on SB 924.

Submits testimony in support of SB 924 (**EXHIBIT O**).

Closes public hearing on SB 924. Opens a work session on SB 924.

MOTION: Moves SB 924 to the floor with a DO PASS recommendation.

VOTE: 4-0-1

EXCUSED: 1 – Atkinson

Hearing no objection, declares the motion CARRIED.

SEN. B. STARR will lead discussion on the floor.

Closes work session on SB 924. Opens a public hearing on SB 925.

Explains the provisions of SB 925.

Comments on the measure, stating no objections.

Offers testimony in support SB 925.

Closes public hearing on SB 925. Opens work session on SB 925.

MOTION: Moves SB 925 to the floor with a DO PASS recommendation.

VOTE: 4-0-1

EXCUSED: 1 – Atkinson

Hearing no objection, declares the motion CARRIED.

SEN. DECKERT will lead discussion on the floor.

Closes work session on SB 925. Opens a public hearing on SB 926.

237	DeVore	Outlines the purpose of SB 926.
263	Murrell	Provides additional comments on the measure before the committee.
271	Jackson	Presents his written testimony on SB 926 (EXHIBIT P).
291	Chair Metsger	Closes public hearing on SB 926. Opens a work session on SB 926.

SB 926 – WORK SESSION

293 Sen. B. Starr

MOTION: Moves SB 926 to the floor with a DO PASS recommendation.

295

VOTE: 4-0-1

EXCUSED: 1 – Atkinson

Chair Metsger

Hearing no objection, declares the motion CARRIED.

SEN. MONNES ANDERSON will lead discussion on the floor.

297 Chair Metsger

Closes work session on SB 926. Opens a public hearing on SB 922.

SB 922 – PUBLIC HEARING

299 DeVore

Describes the provisions of SB 922.

TAPE 51, B

005 DeVore

Continues to detail SB 922.

020 Murrell

Notes the important public policy changes made by SB 922.

035 Jackson

Presents written testimony on the measure (**EXHIBIT Q**).

057 Chair Metsger

Considers a scenario involving a rental car and insurance coverage.

069 Jackson

Observes problems with the scenario.

075 Murrell

Concurs with Mr. Jackson's statement. Mentions related laws in Idaho.

081 DeVore

Mentions some of the related laws in other states

090 Sen. Deckert

Asks if this measure would allow Oregon to the laws of other states.

091 DeVore

Notes the law would be similar to what other states have in place.

100 Jim Gardner

Hertz Rent-A-Car. Testifies in opposition to elements of SB 922. Clarifies their rental car insurance policies.

130 Gardner

References a related legal case involving Snappy Car Rental.

141 Chair Metsger

Asks for clarification of which section of the bill that he disagrees with.

143 Gardner

Advocates an industry workgroup to amend the policy.

180 Murrell

Mentions that Hertz does have a progressive policy, and that they are an exception to the rule. Talks about the details of insurance coverage.

200 Gardner

Replies he will assess Mr. Murrell's findings.

203 Chair Metsger

Summarizes that Mr. Gardner feels there are unintended consequences to the legislation. Asks that they work to clarify the language.

210 Gardner

Agrees and offer additional comments.

225 DeVore

Notes that it would be relatively simple to amend the language to address Mr. Gardner's concerns.

240 Murrell

Discusses the primary and secondary insurance needs in regard to rental cars.

247 DeVore

States he will work to address the concerns.

250 Sen. Deckert

Feels Hertz has a good policy to deal with this issue.

255 Chair Metsger

Remarks that they are close to an agreement on SB 922. Asks that they work out a compromise. Closes the public hearing on SB 922. Adjourns committee at 2:49 p.m.

EXHIBIT SUMMARY

- A. SB 949, -1 amendments, staff, 1 p
- B. SB 951, -1 amendments, staff, 1 p
- C. SB 949, Written testimony, Neil Jackson, 1 p
- D. SB 950, Written testimony, Neil Jackson, 1 p
- E. SB 951, Written testimony, Neil Jackson, 2 pp
- F. SB 952, Written testimony, Neil Jackson, 1 p
- G. SB 951, Written testimony, Eric Rhodes, 4 pp
- H. SB 922, Written testimony, Wendy Johnson, 4 pp
- I. SB 923, Written testimony, Wendy Johnson, 4 pp
- J. SB 924, Written testimony, Wendy Johnson, 4 pp
- K. SB 925, Written testimony, Wendy Johnson, 3 pp
- L. SB 926, Written testimony, Wendy Johnson, 3 pp
- M. SB 922, Written testimony, Neil Jackson, 1 p
- N. SB 923, Written testimony, Neil Jackson, 1 p
- O. SB 923, -1 amendments, staff, 1 p
- P. SB 924, Written testimony, Neil Jackson, 1 p
- Q. SB 926, Written testimony, Neil Jackson, 1 p