

SENATE COMMITTEE ON COMMERCE

February 17, 2005
3:10 P.M.

Hearing Room C
Tapes 17 - 18

MEMBERS PRESENT: **Sen. Floyd Prozanski, Chair**
 Sen. Roger Beyer, Vice-Chair
 Sen. Ginny Burdick
 Sen. Doug Whitsett

MEMBER EXCUSED: **Sen. Charlie Ringo**

STAFF PRESENT: **Anna Braun, Committee Administrator**
 Karen Scoffield, Committee Assistant

MEASURES/ISSUES HEARD:
 SB 118 – Public Hearing
 SB 459 – 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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 17, A		
005	Chair Prozanski	Calls the meeting to order at 3:14 p.m. Opens public hearing on SB 118 and SB 459.
<u>SB 118, SB 459 - PUBLIC HEARING</u>		
010	Anna Braun	Committee Administrator. Provides an overview of SB 118.
020	Cory Streisinger	Director, Department of Consumer and Business Services (DCBS). Testifies in support of SB 118. Discusses the many calls received by DCBS concerning homeowners insurance. Tells of the public forums held by DCBS on homeowners insurance.
045	Joel Ario	Insurance Administrator, DCBS. Discusses and submits written testimony (EXHIBIT A), Homeowner Bill of Rights informational brochure (EXHIBIT B), and Homeowner Bills of Rights conceptual overview (EXHIBIT C) in support of SB 118.
075	Chair Prozanski	Asks for clarification of exhibits that Ario is referring to.
085	Ario	Answers question. Discusses and submits proposed amendments by DCBS to SB 118 (EXHIBIT D).
110	Chair Prozanski	Clarifies amendments that are currently written for SB 118.
115	Ario	Discusses numbers 1 through 4 of written testimony.
180	Ario	Continues and discusses numbers 5 through 7 of written testimony.
275	Ario	Discusses numbers 8 and 9 of written testimony.
345	Ario	Summarizes and concludes. Discusses number 10 of written testimony.
380	Chair Prozanski	Invites Sen. Deckert and his constituent, Kenneth Evansen to the stand.
		Converses with Sen. Deckert regarding testimony.
425	Sen. Deckert	Senate District 14. Introduces constituent, Kenneth Evansen. Discusses and submits and written testimony in support of SB

		459 (EXHIBIT E).
430	Kenneth Evansen	Citizen, Portland, Oregon. Discusses and submits written testimony in support of SB 459 (EXHIBIT F). Discusses suggestion for mandatory notification process of changes to customer's insurance policies.
TAPE 18, A		
035	Evansen	Continues to testify to support of SB 459. Discusses personal experience with having an insurance policy cancelled on him.
065	Chair Prozanski	Asks DCBS a question regarding EXHIBIT D.
075	Ario	Answers question.
080	Sen. Whitsett	Asks a question regarding number 4 in Ario's testimony.
090	Ario	Answers question. Refers to page 4 of EXHIBIT A.
100	Chair Prozanski	Notes that the item being discussed is on page 14, section 5 line 26(c) of SB 459.
105	Whitsett	Discusses a possible scenario and asks Ario a question regarding it.
110	Ario	Answers question.
135	Sam Sorich	Vice President, Property Casualty Insurers Association of America (PCI). Discusses and submits written testimony in opposition to SB 118 (EXHIBIT G).
180	Sorich	Remarks that the bill considers that all insurance companies consider all claims in the same way.
270	Sorich	Continues. Discusses previous testimony from Ario. Discusses customer inquiries.
290	Dan Boone	Claim Manager, Allstate, Tigard, Oregon. Testifies in opposition to SB 118. Discusses denied claims.
375	Sen. Whitsett	Asks Sorich for clarification about the approximate number of homeowners insurance policies in Oregon.
380	Sorich	Estimates that there are 1 million policies.
385	Whitsett	Comments regarding the statistics provided by Sorich. Inquires regarding the complaints mentioned by Sorich and if he knows how many of the complaints resulted in some sanction to the insurance company.
390	Sorich	Answers the he does not know whether the complaints were justified at all.
395	Chair Prozanski	Asks Boone about an example he provided of someone traveling with valuables and how they would see an individual as a risk.
410	Boone	Answers question.
415	Chair Prozanski	Inquires what Allstate would anticipate people do with their valuables when traveling.
420	Boone	Answers question. Remarks that Allstate did not deny the claim previously discussed, but asked for proof of the claim and the insured chose not to pursue the claim.
425	Chair Prozanski	Asks Sorich regarding the number of insurance organizations that are in PCI.
430	Sorich	Answers that 300 of PCI's member companies do business in the state of Oregon and 69 of the member companies write homeowners insurance in Oregon.
435	Chair Prozanski	Inquires if other states have provisions limiting look back regarding homeowners insurance.
TAPE 17, B		
030	Sorich	Answers that few companies look back beyond five (5) years. Discusses the importance of having competition in the marketplace and the ability to have a variety of underwriting

		practices.
040	Chair Prozanski	Asks if companies provide to the policy holders or prospective policy holders how far they look back.
041	Sorich	Answers question.
050	Linda Gatto	Citizen, Clackamas County, Oregon. Discusses and submits written testimony with a neutral position to SB 118 (EXHIBIT H). Discusses personal experience with homeowners insurance company.
100	Linda Schwerzler	Citizen, Eugene, Oregon. Discusses and submits written testimony in support of SB 118 (EXHIBIT I). Discusses personal experience with homeowners insurance company.
170	Mickey Tate	Program Coordinator, Seniors and People with Disabilities Department of Human Services (SPD). Discusses support of SB 118. Discusses the difficulty of the Adult Foster Home community to obtain liability insurance and also homeowners insurance.
200	Janet Arenz	Executive Director, Oregon Alliance for Child Advocacy. Discusses and submits written testimony in support of SB 118 (EXHIBIT J). Discusses desire to amend the bill.
255	Grover Simmons	Independent Adult Foster Home Association. Submits written testimony without public testimony on behalf of Dixie Ellard (EXHIBIT K) and submits a notice of cancellation of insurance (EXHIBIT L). Discusses support of SB 118.
320	Steve Dixon	Oregon State Public Interest Research Group, (OSPIRG). Discusses and submits written testimony in support of SB 118 (EXHIBIT M).
TAPE 18, B		
010	Greg Ledbetter	Service Employees International Union (SEIU). Discusses support of SB 118. Discusses concerns of members of SEIU regarding homeowners insurance and their desire to support SB 118.
065	Dixon	Discusses look back issue.
080	Whitsett	Inquires regarding the liability going with the owner and not the house. Discusses damage to homes that can be a problem even after things are fixed.
095	Dixon	Responds and discusses parallels of homeowners insurance to the car insurance market. Discusses that the claim staying with the home puts homeowners in a double jeopardy.
105	Ledbetter	Discusses mold and mitigation. Discusses concern of the bill dealing with mitigation and how to make sure it has been done.
120	Sen. Beyer	Disagrees with Dixon's relation of the parallels between homeowners insurance and auto insurance. Inquires where Ledbetter's insurance knowledge comes from.
135	Ledbetter	Answers question and discusses experience in insurance.
145	John Powell	State Farm and Liberty NW. Testifies in opposition to SB 118 and SB 459.
170	Jack Munro	American Insurance Association. Testifies in opposition to SB 118.
200	Angela Kimball	Association of Oregon Community Mental Health Programs. Testifies in support of SB 118. Discusses the problems associated with obtaining community housing and placement. Remarks that the inability to gain insurance is causing some of their problems.

The following prepared testimony is submitted for the record without public testimony:

	Shirley Fichtner Dempsey Linda Hawk	Owner of an Adult Foster Home, Medford, Oregon. Submits written testimony in support of SB 118 (EXHIBIT N). Foster Care Provider. Submits written testimony in support of SB 118 (EXHIBIT O).
	Lisa Hargis	Vice President-Personal Lines, Oregon Mutual Insurance Group. Submits written testimony in opposition to SB 118 (EXHIBIT P).
225	Chair Prozanski	Asks individuals to take two weeks in a workgroup to resolve items discussed in the hearing. Closes public hearing on SB 118 and SB 459. Adjourns the meeting at 4:54 p.m.

EXHIBIT SUMMARY

- A. **SB 118, written testimony, Joel Ario, 6 pp**
- B. **SB 118, informational brochure, Joel Ario, 2 pp**
- C. **SB 118, conceptual overview, Joel Ario, 2 pp**
- D. **SB 118, proposed amendments, Joel Ario, 3 pp**
- E. **SB 459, written testimony, Sen. Ryan Deckert, 1 p**
- F. **SB 459, written testimony, Kenneth M. Evansen, 1 p**
- G. **SB 118, written testimony, Sam Sorich, 5 pp**
- H. **SB 118, written testimony, Linda Gatto, 2 pp**
- I. **SB 118, written testimony, Linda Schwerzler, 1 p**
- J. **SB 118, written testimony, Janet Arenz, 2 pp**
- K. **SB 118, written testimony of Dixie Ellard, Grover Simmons, 2 pp**
- L. **SB 118, cancellation notice, Grover Simmons, 2 pp**
- M. **SB 118, written testimony, Steve Dixon, 2 pp**
- N. **SB 118, written testimony, Shirley Fichtner Dempsey, 1 p**
- O. **SB 118, written testimony, Linda Hawk, 1 p**
- P. **SB 118, written testimony, Lisa Hargis, 2 pp**