

SENATE COMMITTEE ON
BUSINESS AND CONSUMER AFFAIRS

Hearing Room
Tapes 69, 70, 71 and 72

MEMBERS PRESENT:

Sen. Bill Kennemer, Chair
Sen. John Lim, Vice-Chair
Sen. Gene Derfler
Sen. Joan Dukes
Sen. William McCoy

MEMBER EXCUSED:

STAFF PRESENT:

Darrell W. Fuller, Committee Administrator
Carol A. Smith, Committee Assistant

MEASURES HEARD:

SB 503 Public Hearing and Work Session

HB 2493 Work Session
SB 326 Work Session
SB 455 Work Session
SB 480 Work Session
SB 544 Work Session
SB 900 Work Session
SB 559 Work Session
SB 774 Public Hearing
SB 1034 Public Hearing
SB 970 Public Hearing
SB 969 Public Hearing

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 69, A

CHAIR: Calls the meeting to order at 3:00 p.m. Moves SB 774 as final consideration.

005 CHAIR: Opens Public Hearing on SB 503.

WITNESSES:

Elizabeth Dickenson, Oregon System of Higher Education
Jane Lessor, Oregon Student Lobby
Keith Kutler
Mary Alice Bjork, Department of Consumer and Business Services
Richard McCavick
April Wade
Senator Cliff Trow

018 ELIZABETH DICKENSON, Oregon System of Higher Education: Submits written testimony in support of SB 503 (EXHIBIT A).

Refers to;
--Federal mandates;
--blanket health plans;
--compliance with statutes;
--cost containment practices
--deviation from insurance premium requirements;
--diversity, flexibility, mandated.

046 CHAIR: Statutory authority. (SEN. LIM joins the meeting.) Announces we are now in full committee.

054 JANE LESSOR, Oregon Student Lobby: Submits written testimony in support of the bill (EXHIBIT AA).
Address the amendment; the spirit of the bill is to keep the status quo,

but as written would prevent student government from being policy. Refers to:

- details of the budget they manage;
- adept at managing money;
- negotiations of for twenty years;
- no problems with the insurance division;
- continuity of that practice;
- liability increase'
- makeup of the body;
- brochure for sign up, send to agent.
- Not held in a University account; don't use Oregon State University

Personnel;

- it is the least expensive one
- the -1 amendments.

099 KEITH KUTLER: Goal is to correct a problem. Policyholder is coming under question. It is not a blanket policy; it is a group policy. Addresses the different standards in a blanket and a group policy. The Insurance Commission can speak to that.

DICKINSON: It is in fact a blanket policy and clarifies.

136 KEITH KUTLER: Mentions student activities and goes into detail , refers to:

- associate student something;
- subject to control of the state System of Higher Education;
- non-payment of premiums;
- compliance with federal regulations;
- and foreign students;
- violation of Title 9.

168 MARY ALICE BJORK, Department of Consumer and Business Services: Testimony in support of the bill.

184 RICHARD McCAVIK: Testimony in support of the bill. Refers to:

- two existing bodies of law;
- insurance code, ors 743.522;
- major medical group and requirements;
- constitution and by laws;

218 CHAIR: We need more information from the Attorney General.

231 KUTLER: As law currently states; they cannot. You have the power to do it. We are urging you not to do it for other reasons. OSU is the only one seeking this legislation. Refers to other colleges; none are clamoring for this amendment.

250 APRIL WADE, Student Body President: Gives testimony in support of the bill. States they have been doing this for 20 years. They have not been notified in that time that they were a liability to the state. Mentions input from administrators.

280 DICKENSON: Further comments.

286 CHAIR: States the practice of the committee when an amendment is controversial.

293 SEN. CLIFF TROW, District. 18: Testimony in support of SB 503. Refers to the OSU record of student handling of the insurance.

308 CHAIR: Have you studied the amendment?

309 SEN. TROW: No.

312 CHAIR: Closes PUBLIC HEARING on SB 503.

314 CHAIR: Opens WORK SESSION on SB 503.

322 SEN. MCCOY: Asks KUTLER to return to the stand.

323 SEN. MCCOY: Question regarding the amendment and authorization.

337 MOTION: SEN. LIM moves to ADOPT the SB 503-1 amendment.

VOTE: CHAIR: Hearing no objection, the SB 503-1 amendments are ADOPTED.

MOTION: SEN. LIM moves SB 503, AS AMENDED, to the Floor with a DO PASS recommendation.

VOTE: MOTION PASSES.

AYES: MCCOY, LIM and KENNEMER
EXCUSED: DUKES and DERFLER
CARRIER: LIM

356 CHAIR: Closes WORK SESSION on SB 503.
358 CHAIR: Opens PUBLIC HEARING on SB 579.

CHAIR: We are in subcommittee.

360 DARRELL FULLER, Committee Administrator: Gives overview of the bill.
Refers to gut and stuff.

WITNESSES: Peggy Collins, Building Codes Division.

PEGGY COLLINS, Building Codes Division: Submits written testimony in support of the bill (EXHIBIT C).
States there are two bills and what they are trying to accomplish and their preference. Refers to:

--approved test labs;
--field assembled kind of products;
--electrical codes;
--SB 843;
--new amendments not in draft form;
--no opposition.

CHAIR: Closes PUBLIC HEARING on SB 579.
414 CHAIR: Opens WORK SESSION on HB 2493.

415 CHAIR: There has been a request by the President's office that we move this to the Rules Committee.

MOTION: SEN. MCCOY moves HB 2493 to the Rules Committee
WITHOUT RECOMMENDATION.

VOTE: CHAIR: Hearing no objection, MOTION CARRIES.

CHAIR: Closes WORK SESSION on HB 2493.

TAPE 70, SIDE A

002 CHAIR: Opens WORK SESSION on SB 326.

005 FULLER: We have before us -1, -2 (EXHIBIT Z) perfected -2 from Building Codes, the -3 amendments are from SEN. DWYER'S office.

WITNESSES: Frank E. Brawner, Oregon Bankers Association
Martin Henner
Eugene Organ, Oregon Disabilities Commission
Peggy Collins, Building Codes

012 FRANK E. BRAWNER, Oregon Bankers Association: Has reviewed the -2 and states they are in agreement with them as they are presented.

014 (SEN. DERFLER joins the meeting.)

016 CHAIR: Let the record show that EUGENE ORGAN and COLLINS, from Building Codes, agree on the amendment.

MOTION: CHAIR KENNEMER moves the ADOPTION of the
SB 326 -2 amendments.

025 VOTE: CHAIR: Hearing no objection, the SB 326 -2 amendments are ADOPTED.

032 MARTIN HENNER: (Legislative Aid to SEN. DWYER, here on his own capacity.) Have discussed with Building Codes and SEN. MCCOY and with the Disability Commission. Explains the -3 amendments.

040 PEGGY COLLINS, Building Codes: Prefers the language in the -2 that were just passed and explains we already have existing statutory language that requires us to address historic buildings. Also currently have authority to make exemptions from elevator requirements and do so for existing buildings.

049 (3:35 SEN. DUKES Joins the meeting.)

050 HENNER: The main difference is they have the ability to do it on a discretionary basis; these three lines essentially would put it into the statutes where it would be an entitlement for owners of historic structures, rather than discretionary.

057 SEN. DERFLER: Question.

064 BRAWNER: Believes this is a policy issue for the Committee. The big change in the -2 occurs on page three where they are given rule making authority that they do not have now to make exceptions to the requirement. It is a policy decision.

074 MOTION: SEN. MCCOY MOVES the ADOPTION of the SB 326 -3 amendments.

080 Discussion continues among BRAWNER, COLLINS, EUGENE ORGAN and the committee.

085 SEN. DUKES: Asks if the Disabilities Commission looked at the -3's.

088 COLLINS: The amendment as written, although we have not had a lot of time to review it would include a building that is going through a complete renovation.

102 EUGENE ORGAN, Oregon Disabilities Commission: Comments regarding the -2 amendments; just received the -3 earlier. Our chairman had some of the same concerns that COLLINS had. Explains and addresses older buildings. Has concerns regarding the -3 amendments.

124 CHAIR: It would certainly be my concern that we have not had much time to look at them. Voices concerns about undoing, with an exception, what is a small bill that was carefully crafted.

132 VOTE: MOTION FAILS.
AYES: DERFLER, MCCOY
NAY: DUKES, LIM and KENNEMER

MOTION: SEN. LIM moves SB 326, AS AMENDED with the -2 amendments, to the Floor with a DO PASS recommendation.

VOTE: MOTION PASSES UNANIMOUSLY, all members are present.
CARRIER: SEN. DUKES

145 CHAIR: Closes WORK SESSION on SB 326.

147 CHAIR: Opens PUBLIC HEARING on SB 455.

149 WITNESSES: Stephen Kafoury, Professional Land Surveyors Of Oregon Representative Liz VanLeeuwen

164 STEPHEN KAFOURY, Professional Land Surveyors of Oregon: Submits written testimony in support of the bill (EXHIBIT M). Worked with SEN. DUKES to put together the -5 amendments (EXHIBIT D) and they satisfy all members of the committee.

170 REP. LIZ VANLEEUEWEN: Appreciates the addition to the bill, still not comfortable with lines 16, 17 & 18. Mentions objection to going onto the property without permission of landowner. Has had a personal experience; need to give more respect to private property rights.

192 SEN. DUKES: Agrees. Have heard from constituents who had problems, cites a specific case. Explains.

215 SEN. DUKES: Question to KAFOURY regarding vacant piece of property. KAFOURY responds this language came from Legislative Counsel.

218 SEN. DUKES: Qualifies what her intention had been.

234 SEN. DERFLER: Question regarding contacting landowner and written notice being given.

250 SEN. MCCOY: What else would you add?

255 REP. VANLEEUEWEN: A description of why they are doing the survey. This should be given to the landowner. We have had them leave 2x2's in the field.

270 MOTION: SEN. DUKES moves the ADOPTION of the SB 455 -5 amendments.

VOTE: CHAIR: Hearing no objection, the SB 455-5 amendments are ADOPTED.

MOTION: SEN. DUKES moves SB 455, AS AMENDED, to the Floor with a DO PASS recommendation.

VOTE: MOTION PASSES.
AYES: DERFLER, DUKES, MCCOY, LIM and KENNEMER
CARRIER: DERFLER

288 CHAIR: Closes WORK SESSION on SB 455.

289 CHAIR: Opens WORK SESSION on SB 480.

295 DARRELL FULLER, Committee Administrator: Explains the bill; we have -1 amendments before us.

300 WITNESSES: Ray Gribling, Service Corporation International
David Noble
Pete Shepherd, Oregon Department of Justice
Lucinda Potter, State Cemetery and Mortuary Board

303 RAY GRIBLING, Service Corporation International: Submits written testimony in support of the bill (EXHIBIT T). Settled problems with the amendments. The bill is ready to go.

314 DAVID NOBLE: Happy with the -1 amendments.

318 SEN. MCCOY: Where are the others?

327 PETE SHEPHERD, Oregon Department of Justice: We appeared at the previous work session and the chair was good enough to hear the Department's concern with the proposed elimination of the existing law and explains. We've met with GRIBLING and his proposed amendments cure the problems that we detected with the bill.

353 LUCINDA POTTER, State Cemetery And Mortuary Board: In support of the bill; the amendments take care of concerns.

360 MOTION: SEN. DERFLER, moves to ADOPT the SB 480 -1 amendments.

VOTE: CHAIR: Hearing no objection the SB 480 -1 amendments are ADOPTED.

MOTION: SEN. DERFLER moves SB 480, AS AMENDED, to the Floor, with a DO PASS recommendation.

VOTE: MOTION PASSES unanimously. All members are present.

CARRIER: KENNEMER

380 CHAIR: Closes WORK SESSION on SB 480.

381 CHAIR: Opens WORK SESSION on SB 544.

DARRELL FULLER, Committee Administrator: Addresses the -1 to -3 amendments.

393 WITNESSES: Bill Cross,
John Gervais, National Electrical Contractors Association
Ron Anderson, Independent Electrical Contractors Of Oregon
Gary Wright, Plumbers and Pipefitters Union
Burton Weast, Oregon Association of Plumbing, Heating and Cooling Contractors

396 BILL CROSS, Building Owners and Managers Association: Submits written testimony in support of the bill (EXHIBITS W & X). BOMA supports the -1; -2 would probably be the least that BOMA would need participation; the -3 would not affect their involvement.

411 JOHN GERVAIS, National Electrical Contractors Association: Submits written testimony in support of the bill (EXHIBIT Y). Concern regarding size of the board; 17 persons making it an unworkable situation. Gives areas where he would like to make changes in the bill.

TAPE 69, SIDE B

010 GERVAIS: Agrees with the CHAIR that he would like to adopt the -3 amendments with changes he stated.

013 RON ANDERSON, Independent Electrical Contractors Of Oregon: Testimony in support and concurs with GERVAIS and NECA.

015 GARY WRIGHT, Plumbers and Pipefitters: Supportive of the -2 amendments, states that he was in contact with BURTON WEAST, who couldn't be here and he is also supportive.

025 MOTION: SEN. DUKES moves the ADOPTION of the SB 544 -2 amendments.

VOTE: CHAIR: Hearing no objection, the amendments are ADOPTED.

MOTION: SEN. DUKES, moves to AMEND the SB 544-3 amendments.

VOTE: CHAIR: Hearing no objection, the SB 544-3 amendments are AMENDED.

030 MOTION: SEN. DUKES moves to ADOPT the SB 544-1 amendments.

VOTE: CHAIR: Hearing no objection, the SB 544-1 amendments are ADOPTED.

MOTION: SEN. DUKES moves SB 544, AS AMENDED, to the Floor with a DO PASS recommendation.

VOTE: MOTION PASSES, unanimously, all members are present.
CARRIER: DUKES

042 CHAIR: Closes WORK SESSION on SB 544.
044 CHAIR: Opens WORK SESSION on SB 658.

DARRELL FULLER, Committee Administrator: Addresses the -2 amendments.

045 WITNESSES: Charles Williamson, Oregon Greyhound Breeders Association
Mike Dewey, Multnomah Greyhound Park

CHARLES WILLIAMSON, Oregon Greyhound Breeders Association: Is in agreement with the language in the -2 amendments, which may reflect present operating procedure better than the original bill did.

050 MIKE DEWEY, Multnomah Greyhound Park: Submits written testimony in support of the bill (EXHIBIT L). Supports the amendments also.

060 MOTION: SEN. DUKES moves to ADOPT the SB 658-2 amendments.

VOTE: CHAIR: Hearing no objection, the SB 658-2 Amendments are ADOPTED.

070 MOTION: SEN. MCCOY moves SB 658, AS AMENDED, to the Floor with a DO PASS recommendation.

VOTE: MOTION PASSES, unanimously, all members are present.
CARRIER: MCCOY

CHAIR: Closes WORK SESSION on SB 658.

078 CHAIR: Announces we will lay over SB 559 tentatively for Thursday.

082 CHAIR: Opens WORK SESSION on SB 900.

DARRELL FULLER, Committee Administrator: There are -1, -2, -3 and -4 amendments before the committee today.

092 WITNESSES: Jim Gardner, Alliance Of American Insurers
Chris Davie, State Accident Insurance Fund
Pete Shepherd, Department of Justice
Kerry Barnett, Department of Consumer and Business Services

096 JIM GARDNER, Alliance of American Insurers: Refers to -1 and -4, first. (EXHIBITS N & Q). Explains they are technical amendments. The -3 is the SAIF amendment (EXHIBIT P). Refers to emergency clause; gives recommendation. They are supportive of the -3 amendments. The -2's can be tossed (EXHIBIT O).

138 SEN. DUKES: Ask GARDNER to explain what the bill does with the amendments in it.

145 GARDNER: It is more well written. Refers to: bill from California, and other nearby states. Insurance defrauders. Concern was with Oregon being the magnet because of not being a part of the enforcement.

171 KERRY BARNETT, Department of Consumer and Business Services: Testimony in support of the bill. No objection to the -3 amendments. A concern we have is with the California being an exporter of California culture. Gives anecdotal stories of California in connection with other states problems there.

199 SEN. DUKES: Question about criminal penalties.

214 CHRIS DAVIE, SAIF: Gives an area where change needs to be addressed.

222 GARDNER: We will commit to have this addressed. Refers to notifying

entity in the amendment. Housekeeping items.

238 SEN. DUKES: Question regarding criminal penalties, again.

245 BARNETT: Yes. In response to workmen's compensation fraud. Workmen who say they were sick when it was their wife's birthday.

260 GARDENER: Refers to discretion in the process.

275 SEN. DUKES: The language is so broad concerning the workmen's compensation language, and reads from the language. I appreciate that the DA may not prosecute, gives an example of her district attorney prosecuting a man for dropping a lobster.

299 BARNETT: Refers to repeat offenses, significant amounts of money because of intent to defraud..

311 CHRIS DAVIE: Explains deposits up front, premiums, type of work people were doing; payroll being reported incorrectly. Deliberate misrepresentation of business and premiums based on that.

356 CHAIR: How do we determine intent? How do we know failure to report, versus doing these things.

364 BARNETT: Refers to crimes on the statutes, specific intent crimes. That as a viable defense.

380 PETE SHEPHERD, Department Of Justice: Refers to specific intent offense; that is about the most difficult kind of case. Reasonable doubt.

410 CHAIR: We need to refer to the Judicial.

TAPE 70, SIDE B

004 CHAIR: Let's adopt the three amendments and leave on the table to Thursday. Outlines other ideas to consider; send to Judicial. Wants others drafted and more input.

012 MOTION: SEN. DUKES moves the SB 900 -1 and -4 amendments.

VOTE: CHAIR: Hearing no objection, the SB 900 -1 and -4 amendments are ADOPTED.

017 CHAIR: We will reconsider the other amendments.

020 CHAIR: Closes WORK SESSION on SB 900.

CHAIR: Opens PUBLIC HEARING on 1034.

040 DARRELL FULLER, Committee Administrator: Gives overview of the bill.

WITNESS: Gary Bauer, Oregon Independent Telephone Association

066 GARY BAUER, Oregon Independent Telephone Association: Gives overview of the bill. Refers to: Monopoly, confidentiality; reports filed with commission; income coming from perhaps 60 different ways; 135 expense categories; wires, central offices, et cetera. Concern is that the PUB is becoming a library on existing telephone companies and this would give a competitor information concerning the market, what current provider spends and how you can operate. Continues, again, under laws passed last session new provider is allowed to come in, handle their own rates, do that without PUC oversight, et cetera. Is working with AG's office and the PUC, and keeping some of the information confidential. Their feeling is they will continue to use the current information.

078 CHAIR: It is my hope that all Senate bills will move by the end of next week, with very limited exception. Today and Thursday will conclude our hearings on Senate bills. There will be more hearings on new bills. We have a fair amount of house bills in our possession.

097 CHAIR: Closes PUBLIC HEARING on 1034.

CHAIR: Opens PUBLIC HEARING on SB 970.

109 WITNESSES: Al Elkins, Oregon Autobody Craftsman Association
Kathy Stewart

Mike King, Oregon Autobody Craftsman Association
Leif Hanson, Leif's Autobody Portland.

121 AL ELKINS, Oregon Autobody Craftsman Association: Submits written

testimony in support of the bill
(EXHIBIT F). Feels these are consumer bills, whose complaints are
dismissed as anecdotal.

150 LEIF HANSON, Leif's Autobody: Submits written testimony in support of
the bill (EXHIBIT H). Refers to survey
to find problems between insurance company, consumer and autobody shops
with intent to determine the extent of
any existing problems within the three way relationship. Refers to:
--Question 12
--60 percent of the consumers had heard of the law;
--Section two of 970;
--notification of an accident and right to choose repair shop;
--to past legislation.

191 SEN. DERFLER: Question regarding past procedures.

201 HANSON: Consumers do not know they have a choice. It is becoming more
and more frequent.

210 SEN. DERFLER: Question regarding rates and costs.

217 HANSON: Refers to procedural differences, time constraints, limited
estimates, binding agreement.

236 SEN. DERFLER: Doesn't want to give a blank check.

241 HANSON: Doesn't. Just a consumer awareness issue.

250 CHAIR: Addresses the above. Some insurance Companies steer customers.
Secondly, the vast majority of customers
don't know that they can go to a shop of their choice. We are not changing
the law.

260 CHAIR: Opens PUBLIC HEARING on 970 to include also SB 969.

WITNESSES:	Michael King Kathy Stark John Powell, State Farm Insurance Dave Moen, Capitol Insurance Bill Brooks, Insurance Division Kerry Barnett, Department of Consumer and Business Services
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274 MICHAEL KING, King's Autobody: Submits written testimony in support of
the bill (EXHIBIT I). Explains the
bill, refers to unfair trade practices act and:
--after market parts, etc;
--Department of Consumer and Business Services avenue to carry out
provision to carry out the statutes;
--inability to motivate the DCBS;
--branding of autobody parts;
--no response to us or the task given them by the legislature.

336 SEN. DERFLER: What are we doing in this bill?

343 KING: Points these out specifically. Among several others, class of
fine. Section three.

367 KING: Responds to question from SEN. DERFLER.

397 CHAIR: Reads from AG's memo. Discussion follows.

TAPE 71, SIDE A

015 KING: In response to question from SEN. MCCOY, addresses the problem of
starting over each time there is a new
Insurance Commissioner. States they are not a licensed or regulated
industry. We are also looking for consumer
protection.

026 DERFLER: Asks for further clarification.

032 KING: Responds.

033 SEN. DERFLER: This would put them in jail or?

039 KING: Yes. Explains. Also, deals with after-market parts. Deals with
warranty with the parts; shop invoicing and
process.

066 SEN. DERFLER: Question regarding invoicing.

072 KING: Refers to technical invoice errors; i.e., paint, tape, etc.
Invoice insurance company bid, shop bid, and not doing
what was agreed; for instance to straighten or to replace a part. instance.

093 SEN. DERFLER: Addresses prosecution.

097 KING: Responds.

099 KATHY STARK: Gives a personal example of problem that started with State Farm insurance after her daughter's car accident in which the car was totalled. 155 SEN. DERFLER: Did you talk to your agent?

STARK: Yes, they said the arbitrator was not reputable.

164 STARK: Finally got a letter from a representative and sent her information. I am concerned about resolving the case by July 6.

191 SEN. MCCOY: I think you will hear from the insurance company soon.

208 SEN. DERFLER: How will this bill affect STARK's case?

214 KING: The one coming up will address this.

218 CHAIR: Explains his intention; SB 969 creates unlawful trade practices which allows prosecution of people and gives some teeth to the law. Currently we have law that is basically unenforced. SB 774 would put a consumer advocate into the Attorney General's office to respond to these kind of complaints and do things.

222 SEN. DERFLER: We have an insurance advocate position. Is he not doing what he is supposed to do?

225 KING: My experience and research is that this is an educational function; largely a printing house with little or no actual hands on consumer activity.

233 CHAIR: Gives comments regarding the advocate ability under the statute and intervention in individual cases. Mr. Brooks is here from the Insurance Division.

240 SEN. LIM: Yours might not be an isolated case?

250 SEN. MCCOY: Did you check out the ombudsman's ability under the law? Refers to another agency.

261 KING: Wishes to clarify that the process, not State Farm, is the problem.

275 CHAIR: I have asked my committee to stay at least until 5:30 p.m. We will address SB 970.

294 JOHN POWELL, State Farm Insurance: Testimony in opposition to SB 970. Refers to an area in existing law and what it provides. It is done in a separate document. We think this would detract from the law. Refers to:

335 --verbal notification;
--agency notification;
--insurance adjusters to advise;

370 SEN. DERFLER: Question

384 POWELL: In response, addresses estimate procedures.

409 SEN. DERFLER: Comments regarding when we read the policy.

418 DAVE MOEN, Capital Insurance:. Submits written testimony in opposition to the bill (EXHIBIT G). Refers to section of the bill that they are concerned with. Refers to verbal notification of repair shops.

TAPE 72, SIDE A

010 MOEN, Continues: Refers to:
--disclosure by agent;
--posting notice;
--verbal notice from agent;
--Page 7;
--Section 4;
--paperwork burden.

023 SEN. DERFLER: Claim form could include what is needed.

029 MOEN: If the form were modified that would be possible.

039 SEN. DUKES: Is there any penalty for not doing it?

043 MOEN: Responds.

046 CHAIR: Currently, there is none.

047 BILL BROOKS, Insurance Division: It would be my understanding that the penalties would apply for any violation of the insurance code and the penalties that have alluded to here in this testimony and those could run as high as \$10,000 for a company violation and \$2,000 for an agent violation, under existing law.

053 POWELL: Addresses SB 969. Testimony in opposition to the bill. Explains what it does; transfers to unfair trade practices act. Refers to physical damage; failure to do so a crime, even though a misdemeanor; under existing insurance regulation. Insurer response, litigation as a form of regulation.

086 SEN. DERFLER: Question.

089 POWELL: Gives an example of personal experience with State Farm Insurance. Refers to value of a totaled vehicle as the most difficult to ascertain.

119 CHAIR: Asks POWELL to look into the problem and work with them.

124 CHAIR: Senators are leaving. (SEN. DUKES leaves the meeting.)

131 KERRY BARNETT, Director, Department of Consumer and Business Services: As indicated by previous testimony this is an issue that has been around for awhile. And something that we have spent a tremendous amount of time on. We have pulled together a work group, have asked BILL BROOKS to present this to the committee in a shortened version, then address the bills.

BILL BROOKS, Insurance Division: Refers to previous witness. They will work with State Farm to help her. Refers to: repairs of automobiles; Jan. 1994 testimony and interim committee, a working group. Independent professional survey was wanted as a result of this group. Survey was worked on and explains the details of what they agreed on, research job done in Eugene, Oregon. Gives result of the survey. Content of 970 deserves serious work to let consumer know they have choices.

186 BARNETT: Refers to perspective, steering talking to consumers; those with accidents and cars that had been fixed. The whole group was involved in all, including cost. There was steering going on; a small amount. Have copies of the survey and summary of the findings. The report is available.

210 MCCOY: How many respondents?

BARNETT: Responds. Give findings of study; the departments conclusion was that there was not a large problem. Cannot say there is not a small problem out there that doesn't require legislative response. The approach that 970 takes we have no objection to. The part regarding DMV accident report, they did agree on that. The bill would also place a statement in the policy itself. Currently law requires that it accompany the policy.

254 BARNETT: Continues: disclosure. 5:45, did MCCOY leave momentarily, or is he gone?

277 SEN. DERFLER: Comments regarding time frame from consumer and the department response.

320 CHAIR: Closes PUBLIC HEARING on 969 AND 970.

323 CHAIR: Opens HEARING on SB 774.

324 (SEN. DERFLER leaves the meeting.)

325 CHAIR: we are laying over until Thursday, apologizes. SEN. MCCOY is not back.

356 WITNESSES: Bob Amy, ARP and Oregon Consumer League
Paul Gustafson

375 BOB AMY, ARP and Oregon Consumer League: Submits written testimony in support of the bill (EXHIBIT J).

Refers to past legislation and consumer position as a result of that SB 18.

Gives specifics 746, 280 and 290 and

explains. The size of the letters were doubled. Refers to:

--adjuster and consumer informing :

--consumer choices of places to go;

--insurance policy;

--estimate;
--insurance company sending consumer to place for repairs.

TAPE 71, SIDE B

010 AMY, Continues: Refers to:
--Josephine Driscoll and consumer advocacy system
--packet regarding state of Washington and a series of hearings;
--claims handling -- the number one complaint.

036 PAUL GUSTAFSON: States he is the arbitrator that Kathy Stark hired.
Would like to return, has lengthy testimony
to give.

049 CHAIR: Says we will hold another hearing on Thursday. Wants to give
all an ample and fair opportunity.

067 CHAIR Closes PUBLIC HEARING on SB 774.

070 CHAIR: Adjourns the meeting at 6:00 p.m.

Submitted by, Reviewed by,

Carol A. Smith Darrell W. Fuller
Committee Assistant Committee Administrator

EXHIBIT SUMMARY:

A - Testimony on SB 503, Elizabeth Dickenson, Oregon System of Higher
Education - 2 pages
B - Testimony on SB 503, Jane Lesser, Oregon Student Lobby - 2 pages
C - Testimony on SB 579, Peggy Collins, Building Codes Division - 5 pages
D - Proposed SB 455-5 amendments, SEN. DUKES - 2 pages
E - Testimony on SB 900, submitted on behalf of Kingsley Click, Acting
State Court
Administrator - 2 pages
F - Testimony on SB 970, Al Elkins, Oregon Autobody Craftsman Assn. - 1
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G - Testimony on SB 970, Dave Moen, Capitol Insurance Center, Inc. - 1 page
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