

SENATE COMMITTEE ON BUSINESS, HOUSING AND CONSUMER AFFAIRS

March 8, 1993      Hearing Room 343 3:00 p.m.      Tapes 27 - 28

MEMBERS PRESENT:    Sen. Bill Dwyer, Chair Sen. Bill Kennemer, Vice-Chair  
Sen. Brady Adams Sen. Ron Cease

MEMBER EXCUSED:

VISITING MEMBER:

STAFF PRESENT:            Cherie Copeland, Committee Administrator Richard  
Day-Reynolds, Committee Assistant

MEASURES                    Introduction of Committee Bills CONSIDERED: Public  
Hearing and Possible Work Session SB    364    -    Provides    that  
person's    uninsured motorist coverage will be equal to liability  
coverage unless person    specifically    requests lower

coverage. SB    457    -    Provides    that    exclusion    in    motor  
vehicle liability insurance    policy    that    provides

coverage in excess of amount required to

comply with financial responsibility laws is invalid if policy does not  
explicitly provide required coverage.

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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. [--- Unable To Translate  
Graphic ---]

TAPE 27, SIDE A

013    CHAIR DWYER:    Calls the meeting to order at 3:09.

(Tape 27, Side A) INTRODUCTION OF COMMITTEE BILLS

019    CHAIR DWYER: Introduces LC 1671, LC 2227,    LC 2875, LC 3475, LC  
3509, LC 3510, LC 3578 as committee bills.

027    SEN. ADAMS: Declares a potential conflict of interest on LC 3578  
as a president of a financial institution.

030    CHAIR DWYER:    So noted.    Hearing no objections, SO ORDERED.

(Tape 27, Side A) SB 364 - PROVIDES THAT PERSON'S UNINSURED MOTORIST

COVERAGE WILL BE EQUAL TO LIABILITY COVERAGE UNLESS PERSON SPECIFICALLY REQUESTS LOWER COVERAGE - PUBLIC HEARING Witnesses: Katy Eymann, Oregon Trial Lawyers Association John Powell, State Farm Insurance

034 KATY EYMANN, OREGON TRIAL LAWYERS ASSOCIATION (OTLA): (EXHIBIT A).

We've been working on a compromise version of the bill with insurance company representatives. Introduces hand engrossed SB 364-A. Favors the bill as amended. Gives a brief background and overview of the bill, focusing on uninsured and underinsured motorist coverage. Bill would require insurance agents to give customers a very clear statement of the coverage they are buying.

087 CHAIR DWYER: Closes the public hearing on SB 364, and opens the public hearing on SB 457.

(Tape 27, Side A) SB 457 - PROVIDES THAT EXCLUSION IN MOTOR VEHICLE LIABILITY INSURANCE POLICY THAT PROVIDES COVERAGE IN EXCESS OF AMOUNT REQUIRED TO COMPLY WITH FINANCIAL RESPONSIBILITY LAWS IS INVALID IF POLICY DOES NOT EXPLICITLY PROVIDE REQUIRED COVERAGE - PUBLIC HEARING Witnesses: Robert Udziela, Oregon Trial Lawyers Association Katy Eymann, Oregon Trial Lawyers Association Bill Hearle, Farmers Insurance

093 ROBERT UDZIELA, OREGON TRIAL LAWYERS ASSOCIATION: Favors SB 457. The bill is in response to the case of Collins v. Farmers Insurance Co. I

believe that the bill is sound public policy. I represented Mr. Collins in the court case. The bill requires insurance companies to write policies that conform with Oregon law. Gives background of the court case.

143 SEN. KENNEMER: How old was Mr. Collins? Was he a minor?

146 UDZIELA: He was in his early twenties, and not the driver of the vehicle. Oregon courts had previously held that family member exclusion clauses were in violation of Oregon law. There was a one car accident.

Mr. Collins' mother, Mrs. Gallie, was driving. When a claim was made to Farmers, they said there was no coverage because of a family member exclusionary clause in their coverage. Farmers then offered a smaller amount when told that the clause was illegal. Mr. Collins lost in the Supreme Court. Insurance companies will sometimes write policies that do not comply with the law. What this bill says is that when a clause is illegal, the illegal clause is stricken and the purchased liability coverage remains in effect. I ask your support for the bill.

203 KATY EYMANN, OREGON TRIAL LAWYERS ASSOCIATION: Restates a summary of the court case, and reinforces the need for the bill. The company only

offered the minimum under Oregon law, not the face value of the policy. This bill would stop insurance companies from writing illegal policies. If you attempt to write a policy that is illegal, you have to honor the face value of the policy.

254 BILL HEARLE, ATTORNEY: Represented Farmers in Collins v. Farmers. Farmers used a policy form that included a family exclusion. Financial

responsibility law makes sure there is a minimum layer of responsibility. The court held that Farmers was only liable for the minimum, which is \$25,000.

300 CHAIR DWYER: Did the family know this when they bought the policy?

303 HEARLE: I don't know. Some policies make that clearer than others. There is a need for greater clarity in the law. I don't understand the

language of the unamended bill.

346 UDZIELA: Mr. Hearle is against the language, not the policy of the bill. I would be happy to redraft to clarify the language.

360 SEN. KENNEMER: Who do you represent today, Farmers or yourself?

368 HEARLE: I'm here to represent myself, not Farmers. I don't know what their position on this bill is.

402 SEN. KENNEMER: Is Mr. Udziela's comment about your feelings about the bill accurate?

409 HEARLE: That's correct. I don't have a problem with the concept. This is not a major problem in the state. When cases like this do come up,

there could be benefits to having some clarity in the financial responsibility law. It is a difficult law to read and understand, and we need to be careful when we tinker with it.

449 CHAIR DWYER: Please work with each other to find simple language to work this out.

TAPE 28, SIDE A

019 CHAIR DWYER: Closes the public hearing on SB 457 and reopens the public hearing on SB 364.

SB 364 - PROVIDES THAT PERSON'S UNINSURED MOTORIST COVERAGE WILL BE EQUAL TO LIABILITY COVERAGE UNLESS PERSON SPECIFICALLY REQUESTS LOWER COVERAGE - PUBLIC HEARING Witnesses:

John Powell, State Farm Insurance

028 JOHN POWELL, STATE FARM INSURANCE COMPANY: Since the proponents of the bill are working with the insurance companies, I'll work on the language with them.

037 CHAIR DWYER: Adjourns the meeting at 3:39 p.m.

Submitted by:

Reviewed by:

Richard Day-Reynolds  
Administrator

Cherie Copeland Assistant

EXHIBIT LOG:

A - Hand Engrossed SB 364-1 - staff - 9 pages B - Proposed -1  
amendments to SB 364 - staff - 3 pages C - Testimony on SB 354 - Tom  
Bessonette - 3 pages D - Witness registration sheets - staff - 2 pages