

who have minor claims on their auto insurance. Auto insurance companies have been sidestepping claims submitted by policyholders by threatening to raise rates, cancel or refuse to issue policies to those having small claims paid. Therefore, I believe this legislation is greatly needed and I urge your support of the passage of SB 646.

135 JULIE HANSEN: Submits and summarizes written testimony in opposition to SB 646 (EXHIBIT C). A policy holder that is renewing with our company that has one accident, as described in this bill, would be neither surcharge nor non-renewed. A minor accident on a renewing profitable account doesn't concern an underwriter. We have different guidelines for different age groups. The guidelines state that we will accept no youthful operator with a citation or negligent accident, regardless of the amount paid, in the last three years. Our company isn't bothered that we may be asked to revise our new business guidelines to accept adult drivers who have one accident of the type described in SB 646. However, it does bother Valley Insurance to waive activity for a youthful driver. Valley Insurance Company would like to see this bill amended to add a limitation to the number of these types of accidents, per person and per household. We would like that number to be one. We simply ask that other factors, such as the inexperienced youthful operator and frequency, per person or per household, be taken into consideration.

177 TOM BESSONETTE: Gives testimony in favor of the Boe amendments (EXHIBIT D). Would ask that the word "accident" be inserted where "claim" is on line two and on line nine the word claim be deleted.

266 CHAIR JOLIN: Brian Boe of Boe and Associates submitted the amendments.

382 SENATOR KENNEMER: What is the statute of limitations to present a claim for bodily injury claim?

394 TOM BESSONETTE: The statute of limitations is two years.

413 JOHN POWELL: Gives testimony on SB 646 with the proposed amendments presented by Brian Boe (EXHIBIT D), and along with the proposed amendments suggested by Tom Bessonette.

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032 BOB VAN HOUTE: Gives testimony in favor of SB 646 because the United Seniors feel this is a consumer protection program which will keep consumers from being adversely affected by premium increases that are unwarranted.

046 SENATOR KENNEMER: Are you familiar with the American Association of Retired Persons (AARP) provisions? How does it deal with minor accidents?

050 BOB VAN HOUTE: AARP is concerned that premiums might rise on an unwarranted basis. The AARP program is designed to educate people who take part in this program and who participate in the purchasing of insurance policies.

057 TOM ERWIN: Gives testimony in support of SB 646. Also discusses the frequency issue. I believe that SB 646 helps address the issue of possible inconsistent underwriting practices by some of the

auto insurance companies.

089 CHAIR JOLIN: Asks if Tom is in agreement with these amendments. Also asks on behalf of Senator Yih that on line 9 that the 36 months be changed to 24 months.

115 TOM ERWIN: The 36 months period is there due to the three years insurance companies can look back on a persons' auto history. I don't have a problem with the 36 month period if it is a persons' first accident.

152 CHAIR JOLIN: Asks Tom Erwin to look at this issue further and then report your decision back to Cherie Copeland (committee administrator).

174 CHAIR JOLIN: Closes hearing on SB 646.

SB 623, AUTO GLASS INSURANCE, PUB.

Witnesses:

Representative Roberts.

Tom Gallagher, Lobbyist.

John Powell, State Farm & North Pacific.

Julie Hansen, Valley Insurance.

Neil Smith, Oregon Glass Association.

195 REPRESENTATIVE ROBERTS: Gives testimony in opposition to SB 623. Believes that it isn't up to the Legislature to dictate how much a persons' deductible is on glass insurance.

260 NEIL SMITH: Submits and summarizes written testimony in favor of SB 623 (EXHIBIT E). We

support the passage of SB 623 for the following reasons:

>Replacing cracked windshields is a safety issue.

>The deductible for the comprehensive portion of auto insurance is rising.

>The added premium costs will be very small in comparison to the benefit to

the insured.

Automobile windshields are insured under the comprehensive portion of the auto policy. Other parts of the policy cover liability, collision, medical, towing and no-fault benefits. Last session, this bill passed the House and the Senate only to be vetoed by the Governor. In his veto message, the Governor raised three issues we covered in the public hearings in the House and the Senate.

>This provision was a mandate.

>It would raise the premium.

>The Governor says this isn't a safety issue because it is illegal to drive

with a broken windshield.

The biggest reason to support this bill is highway safety. The following reasons are why we feel the insurance companies should support this bill:

>Experience in seven states has shown that this bill will not increase

premiums.

>Exempting auto glass from the comprehensive deductible makes it reasonable

for the

company to increase their deductible for major cost items like fire and auto theft.

>Customer satisfaction will increase.

>Better vision will reduce accidents.

455 JULIE HANSEN: Submits and summarizes written testimony in opposition to SB 623 (EXHIBIT F). Valley Insurance offers optional comprehensive coverage with a variety of deductibles. An insured makes a decision of which deductible to choose based on the following factors:

>The likelihood of an occurrence happening.

>The out-of-pocket expense an insured is willing to absorb as a result of a loss, regardless of its nature.

>The premium savings offsetting their selection of a higher deductible.

When evaluating the different comprehensive deductible options, one notices that there is only a small

difference in premium cost between the \$50 deductible and the \$1000 deductible. If SB 623 is passed, it would be likely that the premium in the deductibles greater than \$50 would be increased. The margins between the deductibles would therefore decrease. My industry is asked to keep costs low in order to keep premiums low. This bill is counter-productive to that request. It is for the reasons stated that Valley Insurance opposes SB 623.

TAPE 23 SIDE B

080 JOHN POWELL: Gives testimony in opposition to SB 623. SB 623 is an issue that involves the consumer's right to choose versus a safety issue. The passage of this bill wouldn't mean that every vehicle that has damaged glass would qualify since it's not a mandate that people carry comprehensive coverage. This legislation would affect all business policies and also people who drive more than one car and would need to carry coverage on each vehicle.

380 CHAIR JOLIN: Closes public hearing on SB 623.

385 CHAIR JOLIN: Adjourns hearing at 2:30 p.m.

Submitted by: Reviewed by:

Apryl Poff Cherie Copeland
Assistant Committee Administrator

EXHIBIT LOG:

- A - Written testimony submitted by Senator Mae Yih, 3 pages.
- B - Written testimony submitted by Victor Cole, 2 pages.
- C - Written testimony submitted by Julie Hansen, 3 pages.
- D - Proposed amendments submitted by Brian Boe, 1 page.
- E - Written testimony submitted by Neil Smith, 16 pages.
- F - Written testimony submitted by Julie Hansen, 5 pages.