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April 24, 2017

Oregon State Legislature
House Committee on Business and Labor

Sent via email
hbl exhibit email

RE: SB 331, Relating to renewal of an insurance policy by an affiliated company – NAMIC's Written Testimony in SUPPORT

Dear Representative Paul Holvey, Chair; Representative Greg Barreto, Vice-Chair; Representative Janelle Bynum, Vice-Chair; and honorable members of the House Committee on Business and Labor:

Thank you for affording the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to the House Committee on Business and Labor for the April 24, 2017, public hearing on SB 331.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly $225 billion in annual premiums. NAMIC has 153 members who write property/casualty in the State of Oregon, which represents 44% of the insurance market.

NAMIC is pleased to support SB 331, because it is a pro-consumer insurance transaction efficiency and policyholder convenience bill that will streamline and economize the insurance renewal process for consumers in a way that provides them with meaningful consumer protections.

SB 331 would permit an insurer to provide their policyholder with a three pro-consumer policy renewal options: 1) choice to renew their current policy; 2) non-renew their current policy or 3) secure an affiliate insurer replacement policy. The proposed legislation is loaded with consumer notice and protection provisions to makes sure that the policyholder understands the replacement policy, so that they make an informed insurance decision and makes sure that the policyholder has ample time to consider the replacement insurance policy. Specifically, the bill requires the insurer to provide the policyholder with notice of replacement option at least 30 days (pending amendment to make it 45 days) before date on which current insurance policy is subject to renewal would expire.

The proposed legislation also specifically preserves the policyholder's right to cancel the replacement policy within 30 days (pending amendment top make it 45 days) after receiving the notice of the replacement policy from the insurer. In effect, the policyholder gets a certain period of time to evaluate the policy while it is in force before making the final decision on whether to keep the policy.

SB 331 also specifically states that the earned premium for the period in which the insurance policy was in effect before cancellation must be calculated on a pro rata basis using *the lower* of the replacement policy rate or the previous year's policy rate, so that the policyholder gets the benefit of the better pro rata basis rate.

Consumers are also protected in that new replacement policy rates and changes in policy terms and conditions do not become effective *until the day after* the previous policy expires, so that the policyholder does not have to worry about any insurance coverage period lapse in insurance protection.

As the language of the proposed legislation clearly illustrates, SB 331 is a consumer-friendly bill that is designed with lots of consumer protection provisions to makes sure that the transition to an affiliate insurance company replacement policy is smooth, efficient, and convenient for the policyholder.

For the aforementioned reasons, NAMIC respectfully requests that you **VOTE YES on SB 331,** so that policyholders have the benefit of being able to seamlessly secure replacement polices in a way that works for their insurance needs.

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you would like to discuss NAMIC's written testimony.

Respectfully,

Christian John Rataj, Esq.
NAMIC – Senior Director of State Affairs
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