

**Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session**  
**STAFF MEASURE SUMMARY**  
**House Committee On Consumer Protection and Government Effectiveness**

**MEASURE: SB 411 A**  
**CARRIER: Rep. Rayfield**

**Fiscal:** No Fiscal Impact  
**Revenue:** No Revenue Impact

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**Action Date:** 03/03/15

**Action:** Do Pass.

**Meeting Dates:** 03/03

**Vote:**  
Yeas: 4 - Fagan, Holvey, McLain, Rayfield  
Nays: 3 - Buehler, Nearman, Stark

**Prepared By:** Wendy Simons, Committee Administrator

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**WHAT THE MEASURE DOES:**

Changes order of subrogation of liens so injured policyholder recovers all damages, to the extent funds are available, before reimbursing personal injury protection (PIP) insurer for benefits paid out before fault determined. Extends PIP benefit coverage from one year after date of injury to two years after date of injury without increasing policy maximums. Modifies calculation of underinsured motorist protection (UIM) insurance from covering difference between policyholder's UIM policy limits and at-fault driver's liability policy limits, to covering maximum of policyholder's UIM and at-fault driver's liability policy limits combined if both are needed to cover damages.

**ISSUES DISCUSSED:**

- Consumers' understanding of what is and is not covered by their insurance policies
- Effects of "stacking" insurance benefits on premiums at different levels of coverage
- Circumstances under which a policyholder's UIM coverage pays benefits
- Frequency of contested claims where attorneys are involved on behalf of injured parties

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

Oregon law requires every insurance policy for private motor vehicles to include PIP and UIM coverage against damages caused by uninsured or underinsured motorists. PIP benefits are intended to offset immediate expenses associated with an accident. PIP benefits are paid by the insurer to the policyholder for only economic damages, up to the limits of the policy. The insurer may recover PIP benefits paid from any remaining benefits received after the policyholder's economic damages have been satisfied. "Benefits received" may include at-fault driver's liability insurance or payments by an at-fault driver.

UIM coverage pays damages to an insured in instances where the insured negligence is equal to or less than that of an at-fault driver, who is either uninsured or underinsured. Oregon law requires the calculation for UIM claims to be the difference between a policyholder's UIM policy limits and at-fault driver's liability policy limits.

Senate Bill 411-A enables the policyholder to apply PIP benefits received to any damages, not just economic damages, prior to the insurer recovering expenses from benefits paid. The measure also extends the period of coverage of PIP benefits from one year after the date of injury to two years. The bill also allows the recovery calculation for UIM claims to stack the policyholder's UIM policy limits and at-fault driver's liability policy limits.