

Senate Bill 331

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Permits insurer in lieu of renewing policy to offer insured replacement policy if insurer provides notice to insured and insurance producer at least 30 days before date on which policy subject to renewal expires.

Permits insured to cancel policy within 30 days after receiving notice. Provides that earned premium for period in which policy was in effect before cancellation must be calculated on pro rata basis using lower of current rate or previous year's rate.

Provides that new rates and changes in terms for replacement policy that insured accedes to become effective on day after previous policy expires.

A BILL FOR AN ACT

1
2 Relating to renewal of an insurance policy by an affiliated company; amending ORS 742.566.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 742.566 is amended to read:

5 742.566. (1) An insurer shall offer renewal of a policy **to an insured**, contingent upon payment
6 of premium as stated in the offer, [*to an insured*] unless the insurer mails or delivers to the named
7 insured, at the address shown in the policy, at least 30 days' advance notice of nonrenewal. [*Such*
8 *notice shall*] **The notice must** contain or be accompanied by a statement of the reason or reasons
9 for nonrenewal.

10 **(2)(a) If an insurer offers to an insured, in lieu of a renewal, a replacement policy from**
11 **a different company that is part of a group of companies that is under the same ownership**
12 **or control as the insurer, any new terms, rates and policy provisions in the replacement**
13 **policy take effect on the renewal date if the insurer sends the insured and any insurance**
14 **producer with whom the insured previously dealt notice at least 30 days before the renewal**
15 **date. The notice must include the replacement policy or a description of any terms in the**
16 **replacement policy that differ from the policy that the insurer will not renew.**

17 **(b) An insured may cancel a replacement policy within 30 days after receiving the notice.**

18 **(c) Earned premium for any period of time in which a replacement policy was in effect**
19 **before a cancellation must be calculated pro rata at the lower of the current rate or the**
20 **previous year's rate.**

21 **(d) If an insured accedes to a replacement policy, any increase in premium or change in**
22 **policy terms is effective on the day after the previous policy expires.**

23 **(e) The notice required under this subsection applies only if the company that offers a**
24 **replacement policy is different from the company that issued the policy that would otherwise**
25 **be subject to renewal.**

26 [(2)] **(3) [The] An insurer [shall not be required to] need not** notify the named insured or any
27 other insured of nonrenewal of the policy if the insurer has mailed or delivered a notice of expira-

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 tion or cancellation on or prior to the 30th day preceding expiration of the policy period.

2 [(3)] (4) Notwithstanding [*the failure of an insurer*] **an insurer's failure** to comply with this
3 section, the policy [*shall terminate*] **terminates** on the effective date of any replacement or suc-
4 ceeding automobile insurance policy, with respect to any automobile designated in both policies.

5 [(4)] (5) An insurer may not refuse to renew a policy for the reason that the driving privileges
6 of the named insured or any operator either resident in the same household or who customarily
7 operates an automobile insured under the policy were suspended pursuant to ORS 809.280 (6) or (8)
8 if the suspension was based on a nondriving offense.

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