Senate Bill 331

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Business and Transportation)

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

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

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

SECTION 1. ORS 742.566 is amended to read:

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

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

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

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

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

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

[(2)] (3) [The] An insurer need not notify the named insured or any 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.

LC 1562
[3] [4] Notwithstanding [the failure of an insurer] an insurer's failure to comply with this section, the policy [shall terminate] terminates on the effective date of any replacement or succeeding automobile insurance policy, with respect to any automobile designated in both policies.

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