

Enrolled Senate Bill 985

Sponsored by COMMITTEE ON BUSINESS AND TRANSPORTATION

CHAPTER

AN ACT

Relating to commercial insurance filing requirements.

The Legislative Assembly finds that:

- (1) Businesses in this state benefit when competitive markets govern transactions among businesses;
- (2) A reasonable degree of competition exists now in the commercial lines property and casualty insurance market;
- (3) Reducing barriers to a rapid introduction of new and innovative business insurance products in this state would enhance competition in commercial lines insurance; and
- (4) The Department of Consumer and Business Services must retain the power to intervene in specific commercial lines of insurance if a reasonable degree of competition does not exist.

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

SECTION 1. Section 2 of this 2017 Act is added to and made a part of the Insurance Code.

SECTION 2. (1) Notwithstanding provisions of the Insurance Code that require insurers to file rates and policy forms with the Director of the Department of Consumer and Business Services, and except as provided in subsections (3), (4) and (5) of this section, an insurer is exempt from the requirement to file with the director rates or policy forms for the classes of insurance specified in subsection (2) of this section.

(2)(a) The following classes of insurance are subject to the exemption described in subsection (1) of this section:

- (A) Surety insurance;**
- (B) Wet marine and transportation insurance;**
- (C) Boiler and machinery insurance;**
- (D) Environmental impairment and pollution insurance;**
- (E) Kidnap and ransom insurance;**
- (F) Political risk or expropriation insurance;**
- (G) Insurance for property with these characteristics:**

- (i) The owner or property manager demonstrates a willingness and determination to reduce the probability of a loss;**
- (ii) The owner or property manager conducts periodic and thorough specialized inspections and engineering for the purpose of preventing or minimizing loss;**
- (iii) The property has an insurable value sufficient for an insurer to charge a premium in an amount that warrants providing specialized inspection and engineering services;**

(iv) The property has a structural design and degree of protection that, in combination with specialized inspection and engineering services, has the effect of reducing the need for or importance of publicly provided fire protection;

(v) The property's construction uses fire resistant or incombustible heavy timber or similar materials that are well preserved and in good repair;

(vi) The property has fire protection or loss prevention equipment in all areas in which fire prevention or loss protection is necessary;

(vii) The owner or property manager provides security and alarm service or equivalent security services or equipment where necessary; and

(viii) Sufficient numbers of hydrants, hoses and equipment, an adequate water supply and other components of a private or publicly provided fire protection system exist to protect the property's exterior; and

(H) Commercial lines insurance that the director exempts, other than coverage specified in subsection (4) of this section, for large commercial policyholders that pay an annual aggregate premium threshold amount or that meet other requirements the director specifies.

(b) An exemption for the classes of insurance described in paragraph (a) of this subsection applies whether the insurer provides the insurance as a stand-alone policy, as an endorsement or as part of other insurance coverage.

(3) Notwithstanding provisions of the Insurance Code that require insurers to file rates and policy forms with the director, and except as provided in subsections (4) and (5) of this section, the director by rule may exempt or amend the rate and form filing requirements for any commercial line of insurance if the director determines that:

(a) The requirement is not desirable or is not necessary to protect the public; and

(b) An exemption or amendment would enhance competition.

(4) The following classes of insurance are not exempt under subsection (1) of this section:

(a) Workers' compensation insurance;

(b) Medical malpractice liability insurance;

(c) Commercial automobile liability insurance;

(d) Coverage that an insurer issues under an assigned risk plan or through a residual market pool or residual market facility; and

(e) Insurance for a project, as defined in ORS 737.602.

(5) This section does not apply to any class or line of insurance that an insurer transacts with a consumer, as defined in ORS 746.600.

(6)(a) The director may publish a sample disclosure notice that an insurer may issue without needing to file the disclosure with the director for review or approval if the insurer issues the disclosure together with an insurance policy that is a claims-made insurance policy or a liability insurance policy that includes defense costs within the limits of liability.

(b) An insurer need not use the sample disclosure notice described in paragraph (a) of this subsection. An insurer that does not use the sample disclosure notice shall file the insurer's proposed notice with the director for review and approval. If the director approves the insurer's proposed notice, the insurer may issue the notice with all of the insurer's claims-made insurance policies or policies that include defense costs within the limits of liability without submitting the notice to the director for further review or approval.

(7) The director may adopt rules to implement this section.

SECTION 3. Section 2 of this 2017 Act applies to insurance that an insurer transacts and to an insurance policy that an insurer issues or renews on or after the effective date of this 2017 Act.

Passed by Senate April 26, 2017

Repassed by Senate June 14, 2017

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Lori L. Brocker, Secretary of Senate

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Peter Courtney, President of Senate

Passed by House June 7, 2017

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Tina Kotek, Speaker of House

Received by Governor:

.....M.,....., 2017

Approved:

.....M.,....., 2017

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2017

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Dennis Richardson, Secretary of State