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March 5, 2019

The Honorable Floyd Prozanski
Chair, Senate Committee On Judiciary
900 Court St. NE, S-413
Salem, Oregon 97301

Re: Senate Bill 728

Dear Senator Prozanski and Members of the Senate Judiciary Committee:

The Roseburg Area Chamber of Commerce encourages you to oppose SB 728. More than 85 percent of our membership, and our Douglas County business community, is comprised of small businesses. For small businesses every dollar counts and when the cost of essentials, like insurance, increases it can be the difference between solvency and insolvency.

SB 728 will raise insurance costs for all of Oregon. It will do so by allowing lawyers a nearly unrestricted ability to file third-party bad faith lawsuits against insurance companies. Lawyers in search of large settlements will be able to file two lawsuits on single insurance claim—one against the defendant for damages and one against the defendant's insurance company for claims handling procedures.

Other states that have allowed policies like SB 728 to proceed have had consumers paying the costs.

- A California court decision allowed the doctrine of "two-lawsuits-per-claim" starting in 1979. Another court struck down the doctrine in 1988. During that decade, litigation, the number of claims and the cost of handling claims skyrocketed, increasing insurance premiums for bodily injury up to 53 percent. After the repeal, the spike in lawsuits, premiums and claims costs declined dramatically.
- The average bodily injury claim payment per insured vehicle grew 68 percent between 1995 and 2013 – when Florida also experimented with the "two-lawsuits-per-claim" doctrine. Source:
- A study conducted about a similar bill in New Jersey showed that insurance policy premiums could increase by a total of \$2.5 billion if that bill was passed.
- A 2011 study showed that within five years after reforms were adopted by the West Virginia Legislature to eliminate the "two-lawsuits-per-claim" doctrine, insurance claims costs in that state were reduced by \$200 million.
- After adjusting for inflation, losses have increased 20 percent in Washington for the major property lines of insurance following passage of a law allowing plaintiffs to file additional lawsuits against their own insurance companies for claims procedures.

Small businesses are the backbone of our community, Douglas County and Oregon. SB 728 will saddle them with additional insurance costs for a bill that will not improve upon the working system of consumer protections. We respectfully request you do not add to the burden of small business owners and reject SB 728.

Best regards,

ROSEBURG AREA CHAMBER OF COMMERCE

Debra L. Fromdahl, IOM
President & CEO

cc: Senate Committee On Judiciary Members



To advocate for and be the voice of the business community in the greater Roseburg area.

To strengthen, enhance and protect our members through political advocacy, economical development, community promotion and member programs and services.