

Enrolled
Senate Bill 331

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CHAPTER

AN ACT

Relating to renewal of an insurance policy by an affiliated company; amending ORS 742.566 and 742.568.

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*] **The notice must** 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 45 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 at any point before the replacement policy becomes effective.

(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 [shall not be required to] 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 expiration or cancellation on or prior to the 30th day preceding expiration of the policy period.

[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.

SECTION 2. ORS 742.568 is amended to read:

742.568. Proof of mailing notice of cancellation, **notice of replacement**, [or] **notice** of intention not to renew or **notice** of reasons for cancellation, to the named insured at the address shown in the policy, [shall be] **is** sufficient proof of notice.

Passed by Senate March 8, 2017

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Lori L. Brocker, Secretary of Senate

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Peter Courtney, President of Senate

Passed by House May 25, 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