

A-Engrossed
House Bill 2719

Ordered by the House March 24
Including House Amendments dated March 24

Sponsored by Representatives ESQUIVEL, GARRARD, SHIELDS, Senator MORSE; Representatives BROWN, GALIZIO, GILMAN, HUNT, KITTS, RILEY, SCHAUFLEER, WHISNANT

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.

Modifies notice requirements for insurers prior to *[cancellation,]* renewal or nonrenewal of commercial liability policies.

A BILL FOR AN ACT

Relating to written notices issued by insurers; creating new provisions; and amending ORS 742.706.

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

SECTION 1. ORS 742.706 is amended to read:

742.706. (1) If an insurer offers or purports to renew a commercial liability policy, but on terms less favorable to the insured or at higher rates, the new terms or rates may take effect on the renewal date, if the insurer provides the insured, and the insurance producer if any, *[30]* **45** days' written notice. If the insurer does not provide such notice, the insured may cancel the renewal policy within *[30]* **45** days after receipt of the notice or delivery of the renewal policy. Earned premium for the period of time the renewal policy was in force shall be calculated pro rata at the lower of the current or previous year's rate. If the insured accepts the renewal, any premium increase or changes in terms shall be effective immediately following the prior policy's expiration date.

(2) Nonrenewal of a commercial liability policy shall not be effective until at least *[30]* **45** days after the insured receives a written notice of nonrenewal. If, after an insurer provides a notice of nonrenewal as described in this subsection, the insurer extends the policy 90 days or less, an additional notice of nonrenewal is not required with respect to the extension.

(3) Subsection (1) of this section does not apply:

(a) If the change is a rate, form or plan filed with the Director of the Department of Consumer and Business Services and applicable to the entire line of insurance or class of business to which the policy belongs; or

(b) To a premium increase based on the altered nature or extent of the risk insured against.

(4) If a commercial liability policy is issued for a term longer than one year, and for additional consideration a premium is guaranteed, the insurer may not refuse to renew the policy or increase the premium for the term of that policy.

SECTION 2. **The amendments to ORS 742.706 by section 1 of this 2005 Act apply to the renewal or nonrenewal of commercial liability policies made on or after the effective date of this 2005 Act.**

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.