

cancels or fails to renew such a policy and within 15 days of the day that an insurer issues such a policy. The insurer shall report the person's name and residence address, the vehicle identification number of each vehicle covered by the policy, whether the policy was bought, canceled or not renewed and any other information required by the department by rule under ORS 806.195. [1993 c.746 §4]

SENATE BUSINESS &amp; INDUSTRY

EXHIBIT NO. 3

DATE 1/18/05

BILL NO. SB 163

## CANCELLATION AND NONRENEWAL OF CASUALTY OR COMMERCIAL LIABILITY POLICIES

(Cancellation Based on Holding Public Office)

**742.690 Limitations on cancellation; refusal to issue or renew insurance.** (1) An insurer offering casualty insurance or commercial liability insurance may not cancel or refuse to issue or renew a policy solely on the basis that the policyholder holds a public office.

(2) An insurer offering casualty insurance or commercial liability insurance may not include a provision in the insurance contract limiting coverage under the contract solely on the basis that the policyholder holds a public office. [1997 c.778 §2]

(Commercial Liability Policies)

**742.700 Definitions for ORS 742.700 to 742.710.** As used in ORS 742.700 to 742.710:

(1) "Cancellation" means termination of a policy at a date other than its expiration date.

(2) "Expiration date" means the date upon which coverage under a policy ends. For a policy written for a term longer than one year or with no fixed expiration date, "expiration date" means the annual anniversary date of the policy.

(3) "Nonpayment of premium" means the failure or inability of the named insured to discharge any obligation in connection with the payment of premium on a policy of insurance subject to ORS 742.700 to 742.710, whether the payments are payable directly to the insurer or an insurance producer who is its agent or indirectly payable under a premium finance plan or extension of credit.

(4) "Nonrenewal" means the refusal of an insurer to renew a policy at its expiration date.

(5) "Renewal" or "renew" means the issuance of, or the offer to issue by an insurer, a policy succeeding a policy previously issued and delivered by the same insurer or the issuance of a certificate or notice extending the terms of an existing policy for a specified period beyond its expiration date. [Formerly 743.940; 2003 c.364 §104]

**742.702 Grounds for cancellation; notice.** (1) Except as provided in ORS 742.710, a contract of commercial liability insurance may not be canceled by an insurer before the expiration of the policy, except on one or more of the following grounds:

(a) Nonpayment of premium.

(b) Fraud or material misrepresentation made by or with the knowledge of the named insured in obtaining the policy, continuing the policy or in presenting a claim under the policy.

(c) Substantial increase in the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to rules, legislation or court decision.

(d) Failure to comply with reasonable loss control recommendations.

(e) Substantial breach of contractual duties, conditions or warranties.

(f) Determination by the Director of the Department of Consumer and Business Services that the continuation of a line of insurance or class of business to which the policy belongs will jeopardize a company's solvency or will place the insurer in violation of the insurance laws of Oregon or any other state.

(g) Loss or decrease in reinsurance covering the risk.

(h) Any other reason approved by the director by rule.

(2) Cancellation of a commercial liability policy shall not be effective until at least 10 working days after the insured receives a written notice of cancellation. The notice shall state the effective date of and the reason for cancellation and shall inform the insured of the hearing rights established by ORS 742.704.

(3) This section does not apply to policies canceled because of action by an insurer under ORS 731.482. [Formerly 743.942]

**742.704 Hearing.** Within 30 days after receiving a notice of cancellation under ORS 742.702, an insured may