

## Voluntarily Dissolved Business Entities/Environmental Claims: Oregon Legislation Revises Time Limitations to Pursue Insurance Assets



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The Oregon Legislature enacted legislation that would allow the pursuit of claims against insurance policies of dissolved corporations or limited liability companies for a time period beyond time limitations that otherwise would prohibit pursuit of such claims. See 81st Oregon Legislative Assembly – 2021 Regular Session House Bill 2377 (“H.B. 2377”).

H.B. 2377 would amend Oregon corporate law to provide that a party can pursue claims against the dissolved corporation or limited liability company to the extent of available insurance assets (subject to otherwise applicable statutes of limitation).

Oregon, like other states, provides a process for dissolving a corporation or limited liability company. Potential claimants must be notified in writing that the entity has voluntarily dissolved. A deadline is provided in which a claim must be pursued. Further, such entity must publish a notice of its dissolution and provide how a claim may be filed. Claimants have five years from the publication of the newspaper notice to pursue a claim.

An apparent motivation for the Oregon legislation is the pursuit of claims against insurance policies that had been held by dissolved entities. The legislation would provide a limited exception to the five-year period for pursuing claims against a dissolved corporation or limited liability company. The exception would be limited to the pursuit of insurance policies held by such dissolved entities.

H.B. 2377 would potentially provide an opportunity to enable parties to pursue compensation from dissolved entities that may have policies providing coverage for certain environmental liabilities.

The argument for this exception is that the nature of some sites is such that contamination may not have been known at the time of the entity’s dissolution. Consequently, the statutory time period for filing claims against the insurance policies may have expired once the policy is identified. A particular focus has been Comprehensive General Liability policies that potentially covered unexpected and unintended pollution through 1985 (i.e., prior to the creation of the Absolute Pollution Exclusion).

The Oregon Attorney General argued in support of H.B. 2377 that it is adding:

... a provision to Oregon law clarifying that a party can pursue claims against a dissolved corporation or LLC to the extent of available insurance assets, subject to otherwise applicable statutes of limitation.

The Oregon Attorney General also stated that the legislation was similar to laws adopted in states such as Washington and California. The number of cases to which the legislation would apply was argued to be limited in scope to environmental contamination and other toxic torts because of the applicable statutes of limitation.

A copy of the legislation can be found [here](#) and the Oregon Attorney General's statement in support of H.B. 2377 [here](#).