

## HB 2043 -1 STAFF MEASURE SUMMARY

### House Committee On Business and Labor

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**Meeting Dates:** 2/24, 3/24

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#### **WHAT THE MEASURE DOES:**

Specifies information that can be used by an insurer to determine rates for motor vehicle liability insurance to include: safe driving history, miles driven, driving experience, and other information specified in rule. Specifies information that cannot be used by an insurer to determine eligibility, premiums, or rates for motor vehicle liability insurance to include: credit history, sex or gender, marital status, accidents in which applicant was not at fault, education, occupation, employment status, residential status, non-licensed household members, claims for personal injury protection benefits if applicant did not operate the vehicle, criminal history unless information was requested in the initial application, certain license suspensions based on a nondriving offense. Authorizes the Director of the Department of Consumer and Business Services to adopt rules to implement the provisions of this Act. Applies to insurance policies issued or renewed on or after the operative date. Becomes operative January 1, 2022. Takes effect 91st day following adjournment sine die.

#### **ISSUES DISCUSSED:**

- Whether factors used to calculate insurance score are reliable indicators of safe driving behavior
- Allowed and prohibited uses of credit history in insurance scoring
- Prevalence of uninsured drivers in Oregon and whether it is related to insurance scoring methods
- Other states that prohibit use of specific factors to calculate insurance score

#### **EFFECT OF AMENDMENT:**

-1 Clarifies insurer can consider applicant's years of driving driving experience. Clarifies insurer cannot consider applicant's insurance score that is based on credit history. Clarifies insurer cannot consider whether applicant owns or leases their residence. Modifies definition of "motor vehicle liability insurance." Moves operative date to January 1, 2023.

#### **BACKGROUND:**

Current law requires motor vehicle drivers to carry coverage for bodily injury liability, property damage liability, personal injury protection, and uninsured/underinsured motorist bodily injury and property damage. Minimum coverage mounts are provided in the Vehicle Code (ORS 806.070) and the Insurance Code (ORS Chapter 742).

Insurers take into account information such as the applicant's age, vehicle, driving record, prior insurance coverage, credit history, and area of residence when preparing an insurance score used to help them decide whether to underwrite a policy and what premium to charge. Use of an applicant's or insured person's credit history is limited to specific circumstances. For example, credit history can be used in combination with other substantive factors to decline coverage in the initial underwriting decision. However, it cannot be used in the decision to cancel or not renew a policy that has been in effect for at least 60 days, nor can it be used to re-rate an existing policy or customer.

House Bill 2043 specifies what information insurers can and cannot consider when determining eligibility, premiums, or rates for a motor vehicle liability insurance policy.