HB 2043

Sent to various legislators

As one of your constituents and an insurance industry professional, I'm writing today to urge you to oppose HB 2043, which could increase insurance rates for millions of Oregonians who are already struggling to pay bills during the COVID-19 pandemic recession. I care deeply about those individuals and families who I help insure. They are often friends, neighbors and frontline workers who make our communities better, and I take great pride in helping provide a level of security for them, particularly in these uncertain times. These are difficult times we are living through and many families rely on their automobile for work and essentials, be it transportation to work, doctor appointments or the grocery store. I wholeheartedly believe insurance products need to be affordable and accessible for all Oregonians, but this bill is not the answer and will increase, as opposed to reduce, insurance costs for most families in our state.

To fairly and accurately price risks, insurers use a wide variety of information, including credit information, driving history, occupation and educational background amongst other factors. These practices are highly regulated and have been proven by numerous, independent studies to fairly and accurately predict a driver's potential for filing a claim. Because the information considered is about behavior, not about income or race, insurance can provide the lowest rates. Most people save money when credit is used to assess how much you pay for insurance. HB 2043 would force consumers whose good credit has resulted in a lower-risk rate to pay more for their insurance in order to cover higher-risk policyholders. Those negatively impacted by this bill constitute a majority of Oregonians and cut across all demographic groups.

Thousands of Oregonians also receive discounted auto insurance as part of their membership in their labor union, professional association, alumni association, faith-based organization or other groups that work with insurance carriers to offer group discounts. These are the teachers, firefighters, police, farmers and health care professionals who are on the frontlines of this pandemic and these "affinity group" discounts are a primary source of saving for hardworking Oregonians across professions across the state. If insurance carriers are prohibited from considering educational or occupational background, it will disallow discount agreements with affinity groups and the savings members of those groups rely on will disappear.

In my insurance agency, we have seen the benefits that accurate rating tools used by our insurers can provide to our customers. And more recently, we have seen too many customers struggling to make ends meet during the pandemic – some making a month-to-month choice about paying for groceries, utilities or insurance for their home, apartment or vehicle. An increase in their insurance costs will have a devastating impact on those with low or fixed incomes and those who are already struggling in the COVID-19 pandemic. Seniors are likely to be particularly hurt by this bill.

It is also worth noting that Oregon voters have already opposed the policy approach of HB 2043. In 2006, Measure 42, a statewide ballot measure that would have banned the use of credit when setting insurance premiums, was soundly defeated by nearly 65% of the voters who were concerned about steep hikes in insurance premiums that would have accompanied a credit ban.

Use of credit, education and occupation are the most predictive and objective tools insurers currently have to fairly and accurately rate auto and property insurance. Driving records, for example, are notoriously inaccurate - a result of unfair but proven bias in traffic stops, searches and arrests for people of color, as well as the ability of well-to-do drivers to afford attorneys or attend driving school to remove or "mask" infractions.

Similarly, there are some who believe telematics and usage-based insurance (UBI) is the future of pricing auto insurance and emerging research shows a strong correlation between insurance scores and real-time driving behavior. But today, there are simply not enough drivers who have agreed to allow telematics devices to be used in their vehicles to consider this a reliable risk-evaluating tool.

Again, I care deeply about my customers. I believe insurers are eager to work with the legislators to improve the affordability of and access to insurance products. There are sensible, consumer-orientated solutions that would enjoy strong support, like allowing insurers to recognize and assist consumers who suffer "extraordinary life circumstances," such as a pandemic or job loss.

HB 2043 has the potential to hurt consumers by raising auto insurance costs in the midst of a pandemic and undermining insurers' ability to accurately rate risks. Oregon voters have already rejected the policy enshrined in HB 2043 and we should work together to find policy approaches that will enjoy the support for Oregonians and help improve insurance affordability and access. I will always fight for consumers and will always fight for a fair and equitable insurance market. Please join me by opposing HB 2043. Instead, consider commonsense solutions that will help all Oregonians, like allowing insurance carriers to help their customers who are going through extraordinary life circumstances.

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