

**Testimony Submitted by
Chris Coughlin, Policy Director
Oregon Consumer Justice
To the House Committee on Business and Labor**

February 22, 2023

Regarding: Support for HB 2920

Chair Holvey, Vice-Chair Sosa, Vice-Chair Elmer, and Members of the Committee,

For the record, my name is Chris Coughlin, and I appreciate the opportunity to testify on behalf of Oregon Consumer Justice today in support of HB 2920.

Oregon Consumer Justice (OCJ) organizes, advocates, and supports litigation to advance a justice movement that puts people first, ensuring all have the freedom to thrive and equitably share in our abundance of resources. For too long, flawed systems and economic policies that favor profits over people have stood in the way of this reality, with communities of color most often experiencing the most significant harm. Strengthened through responsive and reciprocal community relationships, OCJ is building a future where financial and business transactions can be relied upon as safe and where all Oregonians know and have recourse to exercise their consumer rights.

Many Oregonians depend on a car for work, to take their children to school, get groceries home from the store, or to make it to a health care appointment. If they have a car, they are required by Oregon law to have automobile liability insurance coverage. The insurance market for purchasing coverage needs to be fair and equitable for all Oregon consumers.

Unfortunately, not only is auto insurance in Oregon often expensive for consumers, it also isn't always made clear to consumers how rates are set. Currently,

insurance companies use a variety of socioeconomic factors to unfairly discriminate against consumers and charge them higher premiums.

There is no direct link between your credit score and safe driving. Yet poor credit disproportionately impacts auto insurance rates. On average, an Oregonian with poor credit will pay roughly \$1,288 more for auto insurance annually than someone with excellent credit. Moreover, they will pay \$762 more than a driver who has excellent credit *and* a driving while intoxicated (DWI) conviction.¹

HB 2920 will set which factors can be used by auto insurance companies to determine insurance rates. Factors that can be considered include:

- History of safe driving
- Number of miles an applicant drives
- Years of driving experience
- Other information Oregon Department of Consumer and Business Services (DCBS) determines

HB 2920 will prohibit the following factors from consideration, including:

- Credit history or score
- Education
- Previous accident claims (where the insured was not at fault)
- Marital status
- Sex or gender
- Occupation
- Whether the insured owns or rents a home

At a recent focus group convened by OCJ, a participant asked why should their auto insurance rates be higher because of poor credit? They went on to explain that as a teenager they went shopping with cash to purchase some clothing but were encouraged to get a store credit card and use it instead of the cash. They agreed, but didn't end up paying on time. They are still working to address the impact of this decision they made as a teenager on their credit score today. That said, their poor

¹<https://www.consumerreports.org/cro/car-insurance/credit-scores-affect-auto-insurance-rates/index.htm>

credit has nothing to do with their driving ability. Yet their credit rating continues to cost them more money every month in higher car insurance rates.

We ask the same question as the participant in our focus group—why should auto insurance rates be higher because of a poor credit score? Due to generations of predatory lending, economic discrimination, and racism, communities of color are more likely to have lower credit scores, credit errors, or no credit history. This means that the factors currently used to set auto insurance rates disproportionately impact communities of color. It is time for this to change. Oregon should follow the example of other states and eliminate credit and other socioeconomic factors in setting auto insurance rates.

We urge your support for HB 2920 to move Oregon towards a more fair and equitable auto insurance marketplace.

Thank you for your consideration and your service to Oregon's communities.