



Testimony Submitted by
Michelle Druce --Oregon Consumer League Board
To the House Committee on Business and Labor

February 22, 2023

RE: Support of HB 2920

For over 50 years, the Oregon Consumer League has worked to protect consumers' rights. On behalf of the Oregon Consumer League, we urge your support of HB 2920 to limit the information insurers can use to consider eligibility or set rates for motor vehicle liability insurance policies. The OCL opposes using non-driving factors to consider eligibility or set motor vehicle insurance rates.

The National Consumer Law Center, Consumer Reports, the Consumer Financial Protection Bureau ("CFPB") and other regulatory agencies have studied the impact of insurers unfairly using non-driving factors such as credit scores, gender, marital status, education level, other accidents that an applicant/insured was not at fault, occupation, employment status, whether an individual rents or owns a home. These non-driving factors are unfair to consumers and negatively impact low income and persons of color. Using these factors in setting rates for motor vehicle insurance compounds the economic effects of structural racism and discrimination. It is important that Oregon law address the negative impact of allowing insurance companies to use information about protected classes to further harm marginalized communities.

Studies by Consumer Reports and the National Consumer Law Center have found that persons with clean driving records but poor credit have paid more per year than drivers with excellent credit. This does not make sense and is unfair to consumers. It is particularly troubling to allow the use of credit report history as a study by the Federal Trade Commission found that 20% of consumers have verified inaccuracies in credit reports and errors typically take 60 – 90 days to correct¹. The majority of the consumer complaints received by the CFPB involve incorrect

¹ FTC, Report to Congress Under Section 319 of the Fair and Accurate Credit Transactions Act

information on credit reports.² Further, credit reports do not provide a full picture of a person's credit risk as many accounts such as utilities, rent, and subscriptions are not included in credit reports and are not a measurement of driving-related risks.

The insurance industry asserts that HB 2920 could raise auto insurance rates. Higher auto insurance rates should be assessed based on driving-related criteria. The insurance industry points to Washington as an example of wide-spread rate increases due to removing credit scoring from setting premiums. Why is the insurance industry applying wide-spread rate increases based on non-driving criteria? We need fair and equitable criteria applied based on driving-related criteria.

As proposed in HB 2920, we support the following driving-related criteria in establishing insurance eligibility and rates:

- History of safe driving
- Number of miles an applicant drives
- Years of driving experience

HB 2920 will prohibit non-driving factors including:

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

In addition to prohibiting non-driving factors in insurance eligibility and pricing, the Oregon Consumer League supports transparency in pricing to ensure that pricing formulas do not contain built-in biases and auditing insurers to determine the impact of criteria and factors used in eligibility and pricing.

We urge your support for HB 2920 to protect Oregon consumers and provide a fair and equitable auto insurance marketplace.

Sincerely,

Michelle Druce
Oregon Consumer League Board

of 2003 (December 2012).

² CFPB, Annual report of credit and consumer reporting complaints: An analysis of complaint responses by Equifax, Experian, and TransUnion, January 2022.