HB 2563: Premium increase notices

Presenters:

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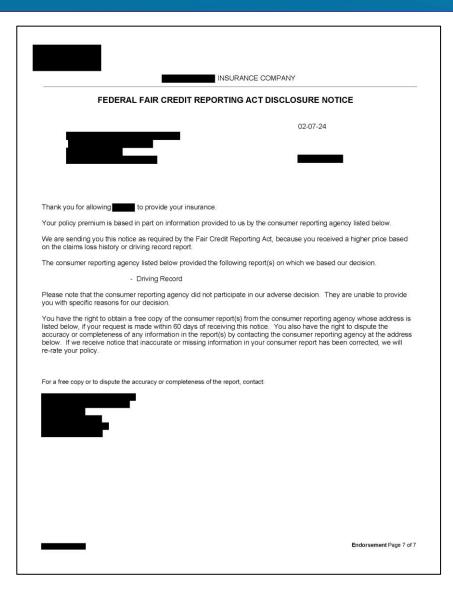


Department of Consumer and Business Services

The problem

- Consumer complaints to DFR demonstrate a need for transparency regarding premium increases.
- Consumers often want to know the reason(s) their premiums increased, and whether there is anything they can do to lower their premiums.
- Current Oregon law does not usually require insurers to disclose individualized specific reasons for these increases.

Example notice



The solution: HB 2563

 Improves transparency by defining insurer responsibility to explain premium increases to policyholders.

- Applies to:
 - Policies renewed on or after Jan.1, 2026.
 - Renewals only, will not apply to purchase of new policies.
 - Auto and Homeowners policies.
- Legislation establishes two "phases" of increased transparency.

Requirements beginning 1/1/2026 – "Phase 1"

- Insurers shall provide clear and reasonable explanations <u>upon written</u>
 <u>request</u>, for any premium increase at renewal.
- Insurers shall include a prominent disclaimer on the first page of renewal notices and renewal billing statements, disclosing that policyholders can request an explanation by contacting their insurer in writing.
- Insurers shall respond to the policyholder no later than 20 calendar days from the receipt of the written request.

Requirements beginning 1/1/2027 – "Phase 2"

- Insurers shall provide notices automatically when a renewal will result in a 10 percent premium increase or more.
- These notices must provide reasonable explanations and disclose primary criteria justifying the rate increase.
- These criteria may include, but are not limited to, the following:
 - Auto-related factors, claims history, discounts, fees and surcharges, demographic factors, and property related factors.

Exemptions

- Nothing in this legislation requires insurers to disclose trade secrets or other highly sensitive data or models used in premium rating.
- Information on "usage-based insurance" and the usage-based component of the rate is confidential and exempt from this legislation.
- This legislation does not apply to policyholder-initiated changes to insurance coverages, policies, or premiums.

Questions?

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