

HB 2563 STAFF MEASURE SUMMARY

House Committee On Commerce and Consumer Protection

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/11, 3/6

WHAT THE MEASURE DOES:

The measure requires an insurer to give a clear and reasonable explanation why the premium has increased when a qualifying policy is renewed. A qualified policy means certain homeowner insurance and motor vehicle liability insurance policies. The measure requires an insurer to respond within 20 days. The Director of the Department of Consumer and Business Services determines what the written explanation will look like and what it contains within some limitations. The language of the explanation must not be technical and be understandable to the average policy holder. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- How an explanation of a premium increase would be helpful to consumers
- The current practice of giving an explanation of a premium increase by insurers
- The cost to the industry to give an explanation of a premium increase

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

An insurance premium is the amount of money an individual or business pays for an insurance policy. Insurance companies consider a variety of factors to decide how much premium they will charge a given policyowner for a given set of coverages. There are currently many different approaches insurers take to provide explanation of what factors determined the premium for a policy.