

HB 2563 A STAFF MEASURE SUMMARY
House Committee On Commerce and Consumer Protection

Carrier: Rep. Chaichi

Action Date: 03/27/25

Action: Do pass with amendments and rescind subsequent referral to Ways and Means. (Printed A-Eng.)

Vote: 6-3-1-0

Yeas: 6 - Chaichi, Chotzen, Gomberg, Neron, Sosa, Walters

Nays: 3 - Osborne, Reschke, Wallan

Exc: 1 - Cate

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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Meeting Dates: 2/11, 3/27

WHAT THE MEASURE DOES:

The measure requires an insurer to give a clear and reasonable written explanation why the premium has increased when a qualifying policy is renewed. A qualified policy means certain homeowner insurance and personal insurance policies. It requires an insurer, on an offer to renew and on the first invoice, to include a prominent and conspicuous statement that tells the insured that the insured may ask the insurer or the insurer's agent in writing for an explanation of any premium increase, and to respond within 20 days. It requires the Department of Consumer and Business Services (DCBS) to make rules prescribing the form, format, and content of the written explanation, establishing when a factor significantly contributes to a premium increase, and requiring periodic data reporting from insurers. The measure becomes operative and applies to qualified policies renewed on or after September 1, 2026, but takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

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

EFFECT OF AMENDMENT:

The amendment adds personal insurance and removes motor vehicle liability insurance from the definition of a qualified policy. The amendment removes the requirement, as of January 1, 2027, for an insurer to provide a clear and reasonable written explanation of a 10 percent or more premium increase and instead incorporates the requirements for an insurer to include the primary factors that contributed to the premium increase in the requested written explanation. The amendment requires the Department of Consumer and Business Services (DCBS) to make rules establishing when a factor significantly contributes to a premium increase and requiring periodic data reporting from insurers. The amendment makes the operative date of the measure September 1, 2026.

BACKGROUND:

The Department of Consumer and Business Services (DCBS) is responsible for the regulation of insurance in Oregon. 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 an explanation of what factors determined the premium for a policy.