

House Bill 3423

Sponsored by Representative HUDSON, Senator GELSER BLOUIN

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Says than an insurer may not look at some information about a person to set a rate for car insurance for that person. (Flesch Readability Score: 62.1).

Directs an insurer to consider only specified information in determining rates for a motor vehicle liability insurance policy. Prohibits an insurer from considering other specified information in determining eligibility, rates or premiums for a motor vehicle liability insurance policy.

Permits an insurer, under specified circumstances, to consider an abstract of an individual's nonemployment driving record when evaluating the individual's application to obtain or renew motor vehicle liability insurance.

Prohibits an insurer from using credit history to determine eligibility, rates or premiums for motor vehicle liability insurance.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to information permitted for insurer's decisions concerning motor vehicle liability insur-
3 ance; creating new provisions; amending ORS 746.661 and 746.662; and prescribing an effective
4 date.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS 746.005 to**
7 **746.045.**

8 **SECTION 2. (1) As used in this section:**

9 (a) **"Applicant" means an individual who applies for coverage under a motor vehicle li-**
10 **ability insurance policy.**

11 (b)(A) **"Motor vehicle liability insurance policy" means an insurance policy that an**
12 **insurer issues to a named insured who is an individual resident of this state and that pro-**
13 **vides automobile liability coverage, uninsured motorist coverage, automobile medical pay-**
14 **ments coverage or automobile physical damage coverage on motor vehicles.**

15 (B) **"Motor vehicle liability insurance policy" does not include an insurance policy that:**

16 (i) **Covers garage, automobile sales agency, repair shop, service station or public parking**
17 **place operation hazards; or**

18 (ii) **Covers primarily an insured's personal or premises liability, except that the insurance**
19 **policy may also provide some incidental coverage for liability that arises out of the owner-**
20 **ship, maintenance or use of a motor vehicle on the insured's premises or on the ways im-**
21 **mediately adjoining the premises.**

22 (2) **An insurer may not consider any of the following information in determining eligibil-**
23 **ity, premiums or rates for a motor vehicle liability insurance policy:**

24 (a) **An applicant's or insured's credit history, including an insurance score based on the**
25 **applicant's or insured's credit history;**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (b) An applicant's or insured's sex or gender; or

2 (c) An applicant's or insured's marital status.

3 (3) An insurer shall timely provide a letter of experience in response to an insured's re-
4 quest.

5 (4) The director may adopt rules for the purpose of implementing the provisions of this
6 section.

7 **SECTION 3.** ORS 746.661 is amended to read:

8 746.661. (1) An insurer that issues personal insurance policies in this state:

9 (a) May not cancel or nonrenew personal insurance that has been in effect for more than 60
10 days based in whole or in part on a consumer's credit history or insurance score.

11 (b) May use a consumer's credit history to decline coverage of personal insurance, **other than**
12 **a motor vehicle liability insurance policy as defined in section 2 of this 2025 Act**, in the initial
13 underwriting decision only in combination with other substantive underwriting factors. An offer of
14 placement with an affiliate insurer does not constitute a declination of insurance coverage.

15 (c) May not use the following types of credit history to decline coverage of personal insurance,
16 calculate an insurance score or determine personal insurance premiums or rates:

17 (A) The absence of credit history or the inability to determine the consumer's credit history, if
18 the insurer has received accurate and complete information from the consumer, unless the insurer
19 does one of the following:

20 (i) If the insurer presents information that the absence of credit history or the inability to de-
21 termine the consumer's credit history relates to the risk for the insurer, uses the absence of a credit
22 history or inability to determine a consumer's credit history as allowed by rules adopted by the
23 Director of the Department of Consumer and Business Services;

24 (ii) Treats the consumer as if the applicant or insured has neutral credit history, as defined by
25 the insurer; or

26 (iii) Excludes the use of credit information as a factor and uses only other underwriting criteria.

27 (B) Credit inquiries not initiated by the consumer or inquiries requested by the consumer for the
28 consumer's own credit information.

29 (C) Inquiries identified on a consumer's credit report relating to insurance coverage.

30 (D) Multiple lender inquiries identified as being from the home mortgage industry and made
31 within 30 days of one another, unless only one inquiry is considered.

32 (E) Multiple lender inquiries identified as being from the automobile lending industry and made
33 within 30 days of one another, unless only one inquiry is considered.

34 (F) The consumer's total available line of credit[. *However*], **except that** an insurer may consider
35 the total amount of outstanding debt in relation to the total available line of credit.

36 (d) May not re-rate an existing policy or re-rate a customer based on a customer's credit history
37 or the credit history component of a customer's insurance score when the marital status of the
38 customer changes due to death or divorce.

39 (2)(a) If an insurer uses the consumer's credit history or insurance score at any time in the
40 rating of a personal insurance policy, the consumer may request, no more than once per insurer per
41 policy line annually, that the insurer re-rate the consumer according to the standards that the
42 insurer would apply if the consumer were initially applying for the same insurance policy.

43 (b) The insurer shall re-rate the consumer within 30 days after receiving a request from the
44 consumer. After re-rating the consumer based upon the request, the insurer may not use credit in-
45 formation from re-rating to increase the premium on any personal insurance policy the consumer

1 holds. If the consumer qualifies for a more favorable rating category, the insurer shall reduce the
 2 premiums on all the personal insurance policies the consumer holds in the related policy line for
 3 which the consumer's credit history and insurance score would entitle the consumer to lower pre-
 4 miums if the consumer were applying for a new policy. The effective date of any rate change is the
 5 date of the consumer's request.

6 (c) If a request to rerate a policy is received within 60 days prior to a renewal date, or if the
 7 difference between the current rate and the improved rate is less than \$10, the insurer may provide
 8 the consumer with the difference between the current rate and the improved rate over the remain-
 9 der of the current period as a credit upon renewal. If the policy is canceled or not renewed, the
 10 insurer shall refund the unearned premium. Any existing claim-related discounts or surcharges shall
 11 carry forward for each rerated policy.

12 (3) If an insurer uses disputed credit history to determine eligibility for coverage of personal
 13 insurance and places a consumer with an affiliate that charges higher premiums or offers less fa-
 14 vorable policy terms:

15 (a) The insurer shall rerate the policy retroactive to the effective date of the current policy
 16 term; and

17 (b) The policy, as reissued or rerated, shall provide the premiums and policy terms for which the
 18 consumer would have been eligible if accurate credit history had been used to determine eligibility.

19 (4) If an insurer charges higher premiums due to disputed credit history, the insurer shall rerate
 20 the policy retroactive to the effective date of the current policy term. As rerated, the insurer shall
 21 charge the consumer the same premiums the consumer would have been charged if accurate credit
 22 history had been used to calculate an insurance score.

23 (5) Subsections (3) and (4) of this section apply only if the consumer resolves the credit dispute
 24 under the process set forth in the federal Fair Credit Reporting Act (15 U.S.C. 1681) and notifies the
 25 insurer in writing that the dispute has been resolved.

26 (6) Except as provided in subsections (2), (3) and (4) of this section, an insurer may only use
 27 rating factors other than credit history or insurance score to rerate the policy at renewal.

28 **SECTION 4.** ORS 746.662 is amended to read:

29 **746.662. (1) An insurer may not use credit history to determine eligibility, premiums or**
 30 **rates for coverage for a motor vehicle liability insurance policy as defined in section 2 of this**
 31 **2025 Act.**

32 *[(1)]* **(2) An insurer may not use credit history to determine personal insurance eligibility, pre-**
 33 **miums or rates for coverage for insurance other than a motor vehicle liability insurance policy,**
 34 **as defined in section 2 of this 2025 Act,** unless the insurer has filed the insurance scoring models
 35 used by the insurer with the Director of the Department of Consumer and Business Services. An
 36 insurance scoring model includes all attributes and factors used in the calculation of an insurance
 37 score.

38 *[(2)]* **(3) Insurance scoring models filed with the director under subsection *[(1)]* (2) of this section**
 39 **are confidential and not subject to disclosure under ORS 192.311 to 192.478.**

40 **SECTION 5. Section 2 of this 2025 Act and the amendments to ORS 746.661 and 746.662**
 41 **by sections 3 and 4 of this 2025 Act apply to contracts of insurance that an insurer issues**
 42 **or renews on and after the operative date specified in section 6 of this 2025 Act.**

43 **SECTION 6. (1) Section 2 of this 2025 Act and the amendments to ORS 746.661 and 746.662**
 44 **by sections 3 and 4 of this 2025 Act become operative on January 1, 2026.**

45 **(2) The Director of the Department of Consumer and Business Services may adopt rules**

1 **and take any other action before the operative date specified in subsection (1) of this section**
2 **that is necessary to enable the director, on and after the operative date specified in sub-**
3 **section (1) of this section, to undertake and exercise all of the duties, functions and powers**
4 **conferred on the director by section 2 of this 2025 Act and the amendments to ORS 746.661**
5 **and 746.662 by sections 3 and 4 of this 2025 Act.**

6 **SECTION 7. This 2025 Act takes effect on the 91st day after the date on which the 2025**
7 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

8
