

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

<div></div>	
<div>INSURANCE COMPANY</div>	
<div>FEDERAL FAIR CREDIT REPORTING ACT DISCLOSURE NOTICE</div>	
<div></div>	<div>02-07-24</div>
<div></div>	
<div>Thank you for allowing <div></div> to provide your insurance.</div>	
<div>Your policy premium is based in part on information provided to us by the consumer reporting agency listed below.</div>	
<div>We are sending you this notice as required by the Fair Credit Reporting Act, because you received a higher price based on the claims loss history or driving record report.</div>	
<div>The consumer reporting agency listed below provided the following report(s) on which we based our decision.</div>	
<div>- Driving Record</div>	
<div>Please note that the consumer reporting agency did not participate in our adverse decision. They are unable to provide you with specific reasons for our decision.</div>	
<div>You have the right to obtain a free copy of the consumer report(s) from the consumer reporting agency whose address is listed below, if your request is made within 60 days of receiving this notice. You also have the right to dispute the accuracy or completeness of any information in the report(s) by contacting the consumer reporting agency at the address below. If we receive notice that inaccurate or missing information in your consumer report has been corrected, we will re-rate your policy.</div>	
<div>For a free copy or to dispute the accuracy or completeness of the report, contact:</div>	
<div></div>	
<div></div>	
<div></div>	<div>Endorsement Page 7 of 7</div>

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 upon written request, 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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