



February 12, 2025

Chair Sosa
Vice-Chair Chaichi, Vice-Chair Osborne
House Committee On Commerce and Consumer Protection
900 Court St NE
Salem, OR 97301

Re: Support for HB 2563

Dear Chair Sosa, Vice Chairs Chaichi and Osborne, and Members of the Committee:

The Oregon Consumer League urges your support of HB 2563, a bill that provides consumers with timely and proactive transparency regarding auto and homeowner insurance premium increases.

For over 58 years, the Oregon Consumer League has worked to protect Oregonians' rights through education, policy development and advocacy. Our mission includes advancing pro-consumer legislation on the state and national level and defending against policies that harm Oregon consumers.

Oregon consumers spend thousands of dollars each year paying auto and homeowner insurance premiums. Many consumers are financially struggling and barely making ends meet. As a major purchase, consumers are entitled to transparency regarding insurance premiums and increases. It is stressful and frustrating for consumers when they are billed higher and higher insurance premiums, especially when they are not provided with reasons why. I have personally experienced a lack of transparency from my insurer. My recent homeowners and auto insurance policy premium increased more than 30%. When I attempted to find out why, I called my insurer, waited on hold, my call was bounced between representatives, and after 45 minutes, the only reason the representative could provide me was "inflation." Inflation has not increased 30% in one year. I am a knowledgeable and persistent consumer, and I was unable to obtain a clear, accurate answer.

Insurers provide consumers with renewal notices that either wholly exclude explanations for premium increases, communicate vague or misleading reasons, or fail to include adequate information for consumers to sufficiently understand the basic nature of their premium increases. These unfair and deceptive practices operate to the

benefit of insurers by generating additional revenue, and to the detriment of consumers, who are left uninformed and pay higher insurance costs.

Consumers are not provided with sufficient information to mitigate their insurance risks or costs. Premium increase explanations are necessary for consumers to ensure the information relied on is accurate. For example, an insurer may have incorrect driving history information or may be relying on an inaccurate credit report when evaluating risk. Additionally, it is important for consumers to have sufficient information to be able to shop for lower insurance premiums, however to shop, consumers need to know what the factors are that increased their premiums.

Permitting insurers to mask their renewal underwriting practices, and premium increases, with the claim that they are proprietary, confidential, and of no interest or control to the consumer, results in a lack of honesty, transparency, and fairness for renewal transactions. Failing to provide transparency related to the cost of insurance and premium increases is an unfair and deceptive practice in insurance renewal transactions.

Insurers assert that proactively providing clear and reasonable written explanations is costly, not practical, or is too difficult. We disagree. Providing premium increase notices that meet the requirements of HB 2563 can be accomplished with technology solutions and staff training.

The following components of HB 2563 are key:

- A **proactive** notice required to be provided to consumers no less than 20 days before the renewal effective date, when the premium increase is greater than 10%. Consumers should not be required to spend hours contacting insurers to get clear and transparent reasons regarding insurance premium increases. We oppose industry efforts to make the information available to consumers only upon request.
- Clear and reasonable explanation, avoiding technical terms and jargon that consumers may not understand.
- Require insurers to provide a written explanation within 20 days or less if the insurer receives a request for an explanation.

We urge your support for HB 2563. Thank you for the opportunity to submit testimony and your service to Oregon communities.

Sincerely,

Michelle Druce
Executive Director
Oregon Consumer League