



February 18, 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 HB 3423

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

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.

The Oregon Consumer League urges your support of HB 3423 to limit non-driving information insurers use to consider insurance eligibility or to set rates for motor vehicle liability insurance policies. The Oregon Consumer League opposes using credit history, marital status, or sex or gender factors in determining insurance eligibility or setting motor vehicle insurance rates.

Why are financially vulnerable Oregon consumers with safe driving records allowed to be charged hundreds, and thousands of dollars more for auto insurance? These unfair practices have been studied by many organizations. Consumer Reports, the National Consumer Law Center, Consumer Federation of American, the Consumer Financial Protection Bureau ("CFPB") and other organizations have studied the impact of insurers unfairly using non-driving factors such as credit scores, gender/sex, and marital status. These studies have found that persons with safe driving records but poor credit history pay more per year than drivers with excellent credit. A 2023 study by the Consumer Federation of America found that safe Oregon drivers with fair and poor credit pay substantially higher premiums and Oregon drivers with poor credit history pay more

than twice as much for auto insurance as drivers with the same driving record but who have excellent credit scores. This does not make sense and is unfair to consumers. Using gender, sex, marital status, and credit history in setting rates for motor vehicle insurance compounds the economic effects of structural racism and discrimination.

It is particularly troubling to allow the use of credit history and credit reports in insurance as credit reports frequently include inaccurate information. A study by the Federal Trade Commission found that 20% of consumers have verified inaccuracies in credit reports and errors typically take 60 to 90 days to correct. The majority of the consumer complaints received by the CFPB involve incorrect information on credit reports. Credit reports and credit scores are not an accurate measurement of driving-related risks.

The insurance industry asserts that this bill may raise auto insurance rates for a wider population of their customers. Insurance risk should be equitably shared and not placed disproportionately on low-income consumers. The insurance industry points to other states such as California as examples of states experiencing wide-spread rate increases due to removing the use of credit scores from setting premiums. We need fair and equitable criteria applied to all drivers, based on driving-related factors.

Liability insurance is a product that is mandatory for consumers to buy if they own a motor vehicle. Oregonians depend on their cars to support their ability to meet their basic needs. Many Oregonians are struggling financially. Consumers should not be subjected to arbitrary actuaries and secretive, unreasonable, and discriminatory algorithms. Consumers who have safe driving records should be recognized with lower premiums, regardless of their gender, marital status, credit score and other irrelevant criteria.

Insurers can set a fair price for drivers without punishing them for their credit history, their gender or whether or not they are married. A consumer's auto insurance premium should be based on their driving record, not these non-driving related discriminatory and socioeconomic factors.

We urge your support of HB 3423. Thank you for the opportunity to submit testimony and your service to Oregon communities.

Sincerely,

Michelle Druce
Executive Director
Oregon Consumer League