HB 2563 A: Premium increase notices

Presenters:

TK Keen, DFR administrator
Jesse O'Brien, DFR policy manager

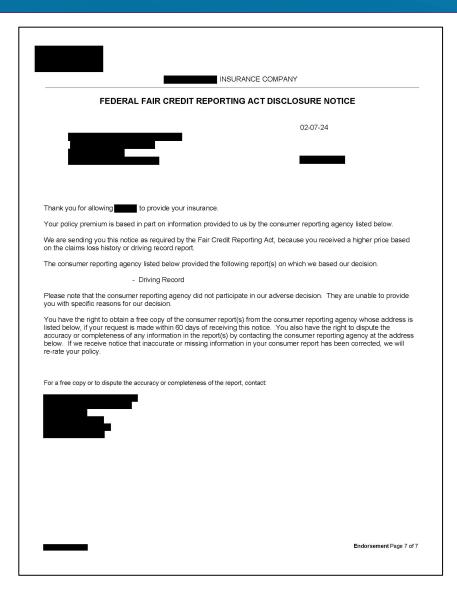


Department of Consumer and Business Services

The problem

- Consumer complaints to DFR demonstrate need for transparency on premium increases
- Consumers often want to know reasons their premiums increased, and if they can do anything to lower premiums
- Current Oregon law does not usually require insurers to disclose individualized specific reasons for these increases

Example notice



The solution: HB 2563

 Improves transparency by defining insurer responsibility to explain premium increases to policyholders

- Applies to:
 - Policies renewed on or after Sept. 1, 2026
 - Renewals only; will not apply to purchase of new policies
 - Auto and homeowners policies

Notice requirements

- Insurers shall provide clear and reasonable explanations <u>upon written</u>
 <u>request</u>, 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

Contents of notice

- Insurer's notice must include all, but not more than four, of the factors significantly contributing to the premium increase
- Contributing factors may include:
 - Claims history
 - Driving-related factors: Miles driven, driving record, location of vehicle
 - Demographic factors: Age, education, gender, marital status, occupation
 - Property-specific factors

Other provisions

- Exemptions
 - No requirement to disclose trade secrets or highly sensitive data or models
 - If applicable, any usage-based component of rate is confidential
 - Does not apply to policyholder-initiated changes to insurance coverages, policies, or premiums.
- Data collection
- Rules to ensure consumer-friendly process to request notice

Questions?

TK Keen tk.keen@dcbs.oregon.gov

Jesse O'Brien, jesse.e.obrien@dcbs.oregon.gov



Department of Consumer and Business Services