

February 13th, 2025

Chair Nathan Sosa
Oregon House Committee on Commerce and Consumer Protection
Oregon Legislature
900 Court St. NE
Salem, OR 97301

Cc: Vice Chair Virgle Osborne, Committee Members

Re: Support HB 2563—Clear and Reasonable Explanation of Reasons for Insurance Premium Increases

The Consumer Federation of America (CFA) urges your support for HB 2563—Relating to Explanations Required in Connection With Premium Increases Upon Renewals of Certain Insurance Policies. This bill will promote transparency in auto insurance markets regarding premium increases. Oregon drivers need and deserve information about premium increases, so they understand the price hikes they are experiencing and get information to help them lower their insurance costs.

Auto insurance premiums have increased substantially over the past few years. According to the November 2024 Consumer Price Index (CPI) auto insurance increased 12.7% over the last year,¹ and as a result many consumers are struggling to afford coverage or even driving without insurance. Many of them are demanding answers for these premium increases, but insurance companies have been frustratingly slow and opaque in giving any reasons for these increases, and they often fail to respond at all.

HB 2563 would help solve this problem and educate consumers about price increases in two phases. In Phase 1, the bill requires an auto insurer that renews an existing policy with a consumer to give them a clear and reasonable written explanation for any premium increase they have to pay, if the consumer makes a written request for this explanation. A clear and reasonable explanation is defined as “an explanation that provides to the insured, in language that is not technical and is understandable to an

¹ “Consumer Price Index-November 2024.” U.S. Bureau of Labor Statistics. December 11th, 2024. Available at https://www.bls.gov/news.release/archives/cpi_12112024.htm.



average policyholder, information that enables the insured to understand the insurer’s reasons for the increase.”

This explanation must include the specific rate and rating factors that the company is using to justify the premium increase, including the location where the car is stored, the consumer’s driving record, the numbers of miles the car is driven, the consumer’s claims history, and the consumer’s age, credit history, education, gender, marital status, and job/occupation.

The insurance company must also include a prominent statement in its billing notice or renewal offer that the consumer can make this written request for information, and the explanation has to be given within twenty days of the consumer’s request. The Director of the Department of Consumer and Business Services can issue rules about the form and content of these written explanations, to make them more helpful for consumers.

In Phase 2, HB 2563 requires all auto insurers who renew existing policies and increase premiums upon renewal by 10% or more to provide consumers with clear and reasonable explanations of the primary factors for these increases. Again, the explanations must be clear and understandable to ordinary consumers, and include socioeconomic factors if their use contributed to the premium increases.

Transparency is extremely helpful to consumers, but currently it is largely absent when it comes to auto insurance premiums. CFA opposes any proposed amendments that would water down this bill, especially for the section requiring explanations of premium increases greater than 10%. In light of the large and excessive premium hikes that consumers are enduring, 10% is already a high threshold for premium transparency, and CFA would prefer a lower threshold if possible. Ideally, auto insurers should be required to provide clear explanations of *any* premium increase to consumers, and we hope that OIC will take this under consideration.

Providing consumers a clearer understanding of premium increases will bring important transparency to the auto insurance market, make Oregonians better informed consumers, and provide key information that could help them both reduce their risk of loss and save money.

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The Consumer Federation of America urges your support for HB 2563.
Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

Michael DeLong

Michael DeLong
Research and Advocacy Associate
Consumer Federation of America

