Consumer Federation of America

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Testimony of the Consumer Federation of America in Support of HB 4098—Relating to Violations of the Insurance Code as Unlawful Trade Practices
February 4th, 2026

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

Cc: Vice Chairs Farrah Chaichi and Virgle Osborne, Committee Members

The Consumer Federation of America (CFA) urges your support for HB 4098, which would add harmful insurance actions to the list of actions that are subject to Oregon's Unlawful Trade Practices Act (UTPA).

Insurance is an essential tool for providing financial security and economic opportunity for consumers, and for promoting individual and community resilience. State law requires all drivers to have auto insurance and banks require homeowners insurance before they will provide loans to homeowners and business owners. Whenever there is a mandatory purchase, state regulators have a special and increased obligation to make sure the product is priced appropriately and provided in a manner that is fair.

One of the ways, although not the only way, that CFA assesses the fairness and value of insurance markets is by reviewing the loss ratios and profits of the insurance industry from state to state. When we see low loss ratios—that is, a relatively small portion of customers' premium dollars being used to pay claims, which is a central purpose of insurance—or when we see higher than average profits, we pay attention. These are signs of an insurance market in need of stronger consumer protections. It is not that we think insurers must be not-for-profit, but when there are states in which we see notably higher profits, it is usually a sign that there is a need for statutory and regulatory strengthening.

Oregon, as it turns out, is one of those states.

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Using industry data supplied to the National Association of Insurance Commissioners (NAIC) as well as S&P Global data published by the trade publication *Property Insurance Report*, it is clear that the insurance industry is paying out less than average pre premium dollar collected in Oregon, and that insurers are making higher-than-average profits in Oregon as well.

For example, in 2022 Oregon insurers incurred about 62 cents in homeowners insurance claims for every dollar they collected in premium, while nationally, insurers paid 71 cents on the dollar. This is the loss ratio previously mentioned, and lower loss ratios, like Oregon's in 2022, usually mean higher profits. Additionally, between 2022 and 2023, Oregon insurers increased their homeowners insurance premiums by 10.8%, in line with national increases. But nationally, claims payouts also rose and the loss ratio remained almost unchanged, dropping from a 70.9% loss ratio in 2022 to a 70.6% loss ratio in 2023. In Oregon, the already low 2022 loss ratio fell by as much as the premium increased, so in 2023 Oregon insurers ended up incurring less than 52 cents in claims for every dollar collected from policyholders. That means the insurers got to keep almost 19% more premium in Oregon than was typical across the country.

CFA does not want to ignore the fact that the insurance industry does encounter years with higher-than-average losses in the wake of wildfire seasons like 2024 and 2024. But that year-to-year variability exists across the country for the homeowners insurance line, whether to wildfire risk, hurricanes, winter freezes, or hailstorms. Importantly, insurers are quick to raise rates in the wake of those disaster years but are then very slow to lower rates in those years where their losses are well below normal. In fact, according to S&P data compiled by the trade journal Property Insurance Report, Oregon rates increased about 10% more than the national average between 2020 and 2025.

As a result of those low loss payments relative to high insurance rates, insurance companies made major profits in Oregon over the most recent years for which data are available. In fact, the return of net worth for homeowner insurance companies in Oregon was nearly 10 times the national return in 2021 and 2022. In 2023, the Oregon return remained five times the national average, even as the national homeowners insurance market returned to near its average annual return.

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When looking at other insurance lines beyond property insurance, the situation is even more serious. For example:

- The 10-year average Return of Net Worth for Personal Auto Insurance in Oregon is almost twice the national average.
- For the commercial auto insurance that truckers and other businesses rely on, profits in Oregon have been about 3 times the national average over the past decade.
- Insurance profits on coverage sold to small businesses and other commercial ventures in the state have been almost double the national rate of return since 2013.
- Even when we include the wildfire losses from 2020, insurance industry profits across all property and casualty lines in Oregon have been 23% higher than profits earned nationwide by the industry over the past decade.
- In 2022 alone, even before we count the investment income insurers made on the surplus they hold, insurance companies pocketed over $740 million in net profit from Oregon policyholders.
- Finally, data for 2023 show that insurance industry profits soared yet again, with insurance industry net income in Oregon *before including return on surplus* of over $1.157 billion.

The data reveal that Oregon needs stronger consumer protections around insurance. When insurance companies are paying out below average loss ratios and reporting these far higher than average profits across the industry, it is a sign that they have taken advantage of a lack of accountability. It indicates that they have been allowed to squeeze more premium out of consumers than their claims payments justify, and that they have been allowed to unfairly squeeze consumers out of the fair claims payments that would be expected given the level of premium collected. All this is a clear sign that new tools are needed to curb the excesses and abuses of the insurance industry.

HB 4098 would provide Oregon with a powerful new tool to stop those excesses and abuses. Currently Oregon's Unlawful Trade Practices Act (UTPA) generally exempts the insurance industry from its broad consumer protections, reducing accountability and making it more difficult for

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consumers to get fair treatment regarding claims payments. Protecting insurance companies from accountability does not benefit the insurance market or the general public, and it leaves insurers extra space to take advantage of consumers and squeeze excess profits out of the state.

HB 4098 adds bad acts done with respect to the insurance to the list of bad acts that are subject to the Unlawful Trade Practices Act. It also specifically states that if insurers break the law by committing certain practices, that lawbreaking is subject to enforcement actions under the UTPA. In addition to monetary damages under the UTPA, consumers can also go to court and get appropriate equitable relief from there.

Applying the Unlawful Trade Practices Act to insurance will provide regulators with an excellent tool to hold the insurance industry accountable, better protect consumers in the insurance marketplace, and improve the quality and value of this critical financial product.

We urge your support for HB 4098. Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

Douglas Heller
Director of Insurance
Consumer Federation of America

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