

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass
Vote: 7 - 2 - 1
Yeas: Barton, Cowan, Gilliam, Krieger, Matthews, Riley, Holvey
Nays: Weidner, Wingard
Exc.: Tomei
Prepared By: Victoria Cox, Administrator
Meeting Dates: 5/13

WHAT THE MEASURE DOES: Allows consumer to request annual rerating if insurer uses credit history or insurance score in rating of personal insurance policy. Requires insurer to rerate within 30 days of consumer's request. Prohibits insurer from raising consumer's premium based on rerating information if consumer requested rerating. Requires insurer to reduce premiums on consumer's personal insurance policies if consumer qualifies for more favorable rate. Requires insurer to apply same standards at rerating as used during initial application. Prohibits insurer from using rerating credit information to increase insured's personal insurance policy premium. Requires insurer to reduce premiums on certain related policy lines if consumer qualifies for more favorable rate. Establishes effective date of rate change as date of consumer's request for rerating. Allows insurer to provide difference between current and improved rate as credit upon renewal if rerating request is received within 60 days of renewal or if improved rate is less than \$10. Requires refund of unearned premium if policy is canceled or not renewed.

ISSUES DISCUSSED:

- Potential impact on credit score of rerating inquiries
- Level playing field among insurers
- Possible cost shifting
- Relationship of credit score to risk

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Oregon law allows insurers to use credit scoring when issuing new policies. Consumers may request rerating annually. Currently, an insurer may raise or lower a consumer's premium based on rerating results, potentially discouraging consumers from requesting rerating.