

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 3 - 2 - 0

Yeas: Burdick, Rosenbaum, Bonamici

Nays: George, Girod

Exc.: 0

Prepared By: Lori Brocker, Administrator

Meeting Dates: 2/19, 3/24, 3/26, 4/2, 4/9, 4/16

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:

- Current process for rerating
- Fairness of rerating
- Impact of free market on insurance costs
- Use of credit scoring in initial policy rating
- Correlation between insurance risk and credit score
- Use of automated systems in rerating
- Time required for insurers to rerate
- Transactional cost of rerating
- Application of rerating to insured's policies

EFFECT OF COMMITTEE AMENDMENT: Replaces substantive provisions of measure.

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

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This summary has not been adopted or officially endorsed by action of the committee.

Committee Services Form - 2009 Regular Session

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