



February 15, 2021

Subject: **Strong Opposition to HB 2043**

House Business and Labor Committee

Dear Mr. Chair and Members of the Committee:

The Professional Insurance Agents of Oregon/Idaho (PIA) stands strongly opposed to HB 2043, which disallows many risk-based predictors in motor vehicle insurance underwriting. PIA represents independent insurance agents across the state. Our members are mostly small businesses, and they can give their customers the opportunity to shop insurance carriers by offering quotes from more than one insurance company.

PIA believes that HB 2043 will harm consumers regardless of race or income by:

- reducing competition,
- impacting availability of auto insurance, and/or
- increasing costs for many consumers.

Most insurance consumers pay less for insurance or avoid paying more because risk-based factors are considered. So, banning risk-based factors could increase rates for many drivers in Oregon, and the lowest-risk drivers could see the highest rate hikes. Non-driving factors such as education and occupation are often used to provide discounts offered to students, as well as teachers, first responders and front-line health care workers.

HB 2043 may also disrupt the insurance market and would be particularly harmful to the independent insurance agency system. Federal law allows companies to market to customers based on credit score alone. So large national insurance carriers with more resources would still be able to market to people with the highest credit, while smaller carriers – many of whom PIA members represent – would have less resources and thus less ability to do that kind of marketing. We have seen examples of that here in Oregon, where smaller companies who did not use insurance scoring had a higher loss ratio in terms of risk.

We urge the committee to seek alternatives to HB 2032, such as requiring instead that companies consider extraordinary life circumstances. About 21 states have that kind of law, and it works well.

Thank you for the opportunity to share our thoughts.

Sincerely,

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