

## HB 2920 -1 STAFF MEASURE SUMMARY

### House Committee On Business and Labor

---

**Prepared By:** Erin Seiler, LPRO Analyst

**Meeting Dates:** 2/22, 3/29

---

#### WHAT THE MEASURE DOES:

Specifies information that can be used by insurer to determine rates for motor vehicle liability insurance to include: safe driving history, miles driven, driving experience, and other information specified in rule. Specifies information that cannot be used by insurer to determine eligibility, premiums, or rates for motor vehicle liability insurance to include: credit history, sex or gender, marital status, accidents in which applicant was not at fault, education, occupation, employment status, residential status, non-licensed household members, claims for personal injury protection benefits if applicant did not operate the vehicle, criminal history unless information was requested in initial application, certain license suspensions based on a nondriving offense. Authorizes the Director of the Department of Consumer and Business Services to adopt rules to implement the provisions of this Act. Applies to insurance policies issued or renewed on or after the operative date. Becomes operative January 1, 2024. Takes effect 91st day following adjournment sine die.

#### ISSUES DISCUSSED:

- Use of non-automobile factors when setting insurance rate
- Disproportionate impact on non-white population because economic factors that contribute to credit history
- Impact to insurance rates when non-automobile factors were no longer used to determine motor vehicle liability insurance in other states
- Stability of insurance market and affordability of insurance premiums
- Actuarial science
- Impact of redlining, predatory lending, and lack of credit history on credit history

#### EFFECT OF AMENDMENT:

-1 Prohibits insurer from considering individuals credit history, occupation, and whether individual owns or leases property when determining rates for motor vehicle liability insurance.

#### BACKGROUND:

Current law requires motor vehicle drivers to carry coverage for bodily injury liability, property damage liability, personal injury protection, and uninsured/underinsured motorist bodily injury and property damage. Minimum coverage mounts are provided in the Vehicle Code (ORS 806.070) and the Insurance Code (ORS Chapter 742).

Insurers take into account information such as the applicant's vehicle, driving record, prior insurance coverage, and credit history when preparing an insurance score used to help them decide whether to underwrite a policy and what premium to charge. Use of an applicant's or insured person's credit history is limited to specific circumstances. For example, credit history cannot be used in the decision to cancel or not renew a policy that has been in effect for at least 60 days, nor can it be used to re-rate an existing policy or customer.

House Bill 2920 specifies what information insurers can and cannot consider when determining eligibility, premiums, or rates for a motor vehicle liability insurance policy.