

House Bill 2563

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Tina Kotek for Department of Consumer and Business Services)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Tells insurers to explain to policy holders why the premium will go up when the policy is renewed. Tells insurers what they must say to policy holders. Goes into effect 91 days after the session ends. (Flesch Readability Score: 60.7).

Requires an insurer to provide to an insured a clear and reasonable explanation of the reasons for any increase in the premium amount for a qualified policy upon renewal of the qualified policy. Specifies standards for a clear and reasonable explanation.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to explanations required in connection with premium increases upon renewals of certain
3 insurance policies; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS chapter 742.**

6 **SECTION 2. (1) As used in this section, "qualified policy" means an insurance policy that**
7 **is:**

8 (a) **Homeowner insurance, as defined in ORS 746.600; or**

9 (b) **Motor vehicle liability insurance that meets the requirements of ORS 742.450 and**
10 **provides the coverages specified in ORS 742.500 to 742.506 and 742.518 to 742.542.**

11 (2) **An insurer that renews an existing qualified policy with an insured shall, at the**
12 **insured's written request, give a clear and reasonable written explanation for any increase**
13 **in the amount of the premium the insured must pay upon renewing the qualified policy. A**
14 **clear and reasonable written explanation is an explanation that provides to the insured, in**
15 **language that is not technical and is understandable to an average policyholder, information**
16 **that enables the insured to understand the insurer's reasons for the increase.**

17 (3) **In a printed or electronic offer to renew a qualified policy or notice of an automatic**
18 **renewal of a qualified policy, an insurer shall include a prominent and conspicuous statement**
19 **that tells the insured that the insured may ask the insurer or the insurer's agent in writing**
20 **for an explanation of any premium increase. The insurer shall display the same statement**
21 **on the first printed or electronic premium invoice the insurer sends after renewing a quali-**
22 **fied policy.**

23 (4) **An insurer shall respond to an insured's written request under subsection (2) of this**
24 **section not later than 20 days after receiving the request.**

25 (5) **The Director of the Department of Consumer and Business Services may prescribe**
26 **by rule the form, format and contents of the written explanation and statement described**
27 **in subsection (3) of this section and any required elements of an insurer's offer to renew a**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **qualified policy or notification of an automatic renewal of a qualified policy.**

2 **(6)(a) This section does not apply to:**

3 **(A) Applications for or purchases of new insurance policies;**

4 **(B) A personal insurance policy that provides coverage for a boat, motorcycle, off-road**
 5 **vehicle, recreational vehicle, antique vehicle maintained as a collector’s item or a vehicle**
 6 **maintained only for a specialty use that does not involve passenger transportation upon the**
 7 **surface roads or highways of this state;**

8 **(C) A policy of insurance that covers health, disability, life, long-term care or to an**
 9 **insurer in renewing such a policy;**

10 **(D) Changes that an insured initiates with respect to an insurance policy’s coverage or**
 11 **premium amount; or**

12 **(E) Personal umbrella insurance policies.**

13 **(b) This section does not require an insurer to disclose the contents of:**

14 **(A) A credit-based insurance scoring model;**

15 **(B) Criteria for placement of insurance;**

16 **(C) Eligibility rules;**

17 **(D) Confidential trade secrets; or**

18 **(E) Filings with the Department of Consumer and Business Services related to usage-**
 19 **based insurance or the usage-based component of a rate.**

20 **SECTION 3.** Section 2 of this 2025 Act is amended to read:

21 **(1) As used in this section, “qualified policy” means an insurance policy that is:**

22 **(a) Homeowner insurance, as defined in ORS 746.600; or**

23 **(b) Motor vehicle liability insurance that meets the requirements of ORS 742.450 and provides**
 24 **the coverages specified in ORS 742.500 to 742.506 and 742.518 to 742.542.**

25 *[(2) An insurer that renews an existing qualified policy with an insured shall, at the insured’s*
 26 *written request, give a clear and reasonable written explanation for any increase in the amount of the*
 27 *premium the insured must pay upon renewing the qualified policy. A clear and reasonable written ex-*
 28 *planation is an explanation that provides to the insured, in language that is not technical and is un-*
 29 *derstandable to an average policyholder, information that enables the insured to understand the*
 30 *insurer’s reasons for the increase.]*

31 **(2) An insurer that renews an existing qualified policy at a premium amount that in-**
 32 **creases upon renewal by 10 percent or more shall, not less than 20 days before the date on**
 33 **which the renewal becomes effective, give to the insured a clear and reasonable written ex-**
 34 **planation that identifies the primary factors that underpin the increase. A clear and rea-**
 35 **sonable written explanation is an explanation that provides to the insured, in language that**
 36 **is not technical and is understandable to an average policyholder, information that enables**
 37 **the insured to understand the insurer’s reasons for the increase. If the increase in the pre-**
 38 **mium amount is less than 10 percent, the insurer must provide the explanation described in**
 39 **this subsection only if the insurer receives a written request for an explanation from the**
 40 **insured.**

41 **(3) If an insurer need not provide the explanation required under subsection (2) of this**
 42 **section because renewing a qualified policy involves an increase in the premium amount of**
 43 **less than 10 percent, the insurer shall include** in a printed or electronic offer to renew a quali-
 44 **fied policy or notice of an automatic renewal of a qualified policy***[, an insurer shall include]* a
 45 **prominent and conspicuous statement that tells the insured that the insured may ask the insurer or**

1 the insurer's agent in writing for an explanation of any premium increase. The insurer shall display
 2 the same statement on the first printed or electronic premium invoice the insurer sends after re-
 3 newing a qualified policy.

4 (4) An insurer shall respond to an insured's written request under subsection (2) of this section
 5 not later than 20 days after receiving the request.

6 **(5) A clear and reasonable explanation of a premium increase from an insurer under**
 7 **subsection (2) of this section must include this information:**

8 **(a) The specific rate and rating criteria that justify an increase in the amount of the**
 9 **premium, including but not limited to:**

10 **(A) The location in which a motor vehicle is stored when not in use, the insured's driving**
 11 **record, the number of miles the vehicle is driven in a specified period, the insured's claims**
 12 **history and any fees, surcharges or discounts that apply to the premium amount;**

13 **(B) The insured's age, credit history, education, gender, marital status and occupation,**
 14 **to the extent the insurer may lawfully consider such items;**

15 **(C) The age, location and value of insured property; and**

16 **(D) Any rate caps or rate changes that apply to the premium rate, including rate caps**
 17 **or rate changes that apply under rate stability rules, transition rules or other premium-**
 18 **capping rules; and**

19 **(b) Any other information the insurer wishes to disclose concerning the insurer's deter-**
 20 **mination of the increase in the premium amount.**

21 **(6) An insurer shall file as provided in ORS 742.003 the statement required under sub-**
 22 **section (3) of this section together with the form that the insurer intends to use in offering**
 23 **to renew a qualified policy or notifying an insured of an automatic renewal of a qualified**
 24 **policy. The Director of the Department of Consumer and Business Services may require an**
 25 **insurer to use a form the director prescribes under subsection (7) of this section and to**
 26 **submit the form electronically for filing and approval.**

27 [(5)] (7) The director [of the Department of Consumer and Business Services] may prescribe by
 28 rule the form, format and contents of the written explanation and statement described in
 29 [subsection] **subsections (2) and (3)** of this section and any required elements of an insurer's offer
 30 to renew a qualified policy or notification of an automatic renewal of a qualified policy.

31 [(6)(a)] **(8)(a)** This section does not apply to:

32 **(A) Applications for or purchases of new insurance policies;**

33 **(B) A personal insurance policy that provides coverage for a boat, motorcycle, off-road vehicle,**
 34 **recreational vehicle, antique vehicle maintained as a collector's item or a vehicle maintained only**
 35 **for a specialty use that does not involve passenger transportation upon the surface roads or high-**
 36 **ways of this state;**

37 **(C) A policy of insurance that covers health, disability, life, long-term care or to an insurer in**
 38 **renewing such a policy;**

39 **(D) Changes that an insured initiates with respect to an insurance policy's coverage or premium**
 40 **amount; or**

41 **(E) Personal umbrella insurance policies.**

42 **(b) This section does not require an insurer to disclose the contents of:**

43 **(A) A credit-based insurance scoring model;**

44 **(B) Criteria for placement of insurance;**

45 **(C) Eligibility rules;**

1 (D) Confidential trade secrets; or

2 (E) Filings with the Department of Consumer and Business Services related to usage-based in-
3 surance or the usage-based component of a rate.

4 **SECTION 4. (1) Section 2 of this 2025 Act applies to qualified policies that an insurer re-
5 news on or after the operative date specified in section 5 (1) of this 2025 Act.**

6 **(2) The amendments to section 2 of this 2025 Act by section 3 of this 2025 Act apply to
7 qualified policies that an insurer renews on or after the operative date specified in section 5
8 (2) of this 2025 Act.**

9 **SECTION 5. (1) Section 2 of this 2025 Act becomes operative on January 1, 2026.**

10 **(2) The amendments to section 2 of this 2025 Act by section 3 of this 2025 Act become
11 operative on January 1, 2027.**

12 **SECTION 6. This 2025 Act takes effect on the 91st day after the date on which the 2025
13 regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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