

August 22, 2025

***Delivered via email***

**RE: Draft proposed rules implementing HB 2563**

T.K. Keen, Acting Insurance Commissioner  
Scott Kluempke, Policy Analyst  
Karen Winkel, Rules Coordinator

Dear Commissioner Keen and DFR Team,

Thank you for hosting a Rulemaking Advisory Committee on rules implementing HB 2563 (premium notices to policyholders). On behalf of members of the P&C trade associations – the **American Property Casualty Insurance Association (APCIA)**, the **National Association of Mutual Insurance Companies (NAMIC)** and the **Northwest Insurance Council (NWIC)** – we offer the following observations, questions and/or suggestions for the draft we reviewed with you at the RAC meeting held on August 7.

**Definition Section**

Our members raised questions and concerns with respect to subsections (1) and (2), seeking clarity regarding these issues:

- **HB 2563 states:**
  - “SECTION 2. (1) As used in this section, “qualified policy” means an insurance policy that is:
    - (a) Homeowner insurance, as defined in ORS 746.600; or
    - (b) Personal insurance, as defined in ORS 746.600 (33)(a) and (c)”
- **The relevant sections of ORS 746.600 cited above state:**
  - (17) “Homeowner insurance” means insurance for residential property consisting of a combination of property insurance and casualty insurance that provides coverage for the risks of owning or occupying a dwelling and that is not intended to cover an owner’s interest in rental property or commercial exposures.
  - (33) “Personal insurance” means the following types of insurance products or services that are to be used primarily for personal, family or household purposes:
    - (a) Private passenger automobile coverage;
    - (b) Homeowner, mobile homeowners, manufactured homeowners, condominium owners and renters coverage;
    - (c) Personal dwelling property coverage;

It may be appropriate for DFR to consider adding these definitions, or additional clarity in a guidance document to accompany the rule, to assist insurers in understanding specifically which lines are included (and/or not included) in the statute and rule.

- Our understanding of HB 2563 is that the statute contemplates that insurers will provide as many “significant factors” as needed to comply with the notice requirements when requested by an insured at renewal. If there is only one factor that meets the “significant” threshold, only one factor needs to be specified in the notice. If there are two factors that meet the threshold, both must be specified and so on, up to four. If there are more than four factors, each of which meet the threshold, the insurer need not provide more than four factors.
- Some insurers have asked for clarity from DFR, preferably in the language of the rule, to confirm that is indeed the intent of the statute and the practical application of the rule. In addition, insurers would like to have flexibility under the rule to add more than four factors if they believe those factors provide useful information to the insured.
- As you heard during our discussion at the RAC meeting on Aug. 7, while we understand DFR’s rationale (seeking to arrive at a total of approximately 10% of premium increase impacts), we believe 2% per factor is lower than is necessary and recommend that the level of impact from each factor should be 10% of impact on premium from the previous policy period. One insurer noted that it may be difficult to isolate a single factor, as rating variables are often more interconnected than they have been in the past, and a change in one variable may have an impact on others.
- Additionally, several members have asked how they should respond to a premium increase inquiry from a policyholder if NONE of the factors individually contributed 2% to the premium increase.
- We also had an inquiry regarding billing errors. If an insured requests information about a premium increase and that leads to an insurer discovering that there was a billing error that will be remediated by the insurer, does the insurer have flexibility to send a *different* correspondence to the insured rather than the notice prescribed in the rule?

We are not sure the precise way to address these concerns, but in the interest of furthering the dialogue, here are some suggestions:

- (1) HB 2563 (2025) SECTION 2. (3) states a clear and reasonable written explanation of a premium increase from an insurer must include all, but not more than four, of the factors that most significantly contributed to the premium increase. The Department of Consumer and Business Services defines this requirement to mean an insurer responding to a written request from an insured regarding a premium increase at renewal shall:
  - a. provide not fewer than one factor that significantly contributed to the premium increase, as defined in subsection (2) of this section,
  - b. provide information about as many as three additional factors that significantly contributed to the premium increase, as defined in subsection (2) of this section,
  - c. and an insurer may, but is not required to, provide additional information to an insured about any additional factors that contributed to a premium increase in any

way by rule shall define when a factor significantly contributes to a premium increase.

(2) A rating factor “most significantly contributes” to a policy premium increase from one policy term to the next when it exceeds 2% (we suggest/request increasing this to 10%) of the current policy premium, and ranks in the highest four impacts, on a dollar increase basis, of all rating factors that changed.

(3) If no individual rating factors can be identified by the insurer as significantly contributing to an insured’s premium increase as defined in subsection (2) of this section, the insurer must provide a clear and reasonable explanation to the policyholder that includes policyholder-specific information about factors that generally contributed to an increase in their premium.

(4) If an insurer determines that all factors that contributed to an insured’s premium increase resulted from policy changes initiated by the insured, an insurer may respond to a premium increase notice request with information provided in a manner to be determined by the insurer that the increases were due to policy changes initiated by the insured.

It is possible that the suggestions in (3) and (4) above could come in the form of guidance that could accompany the rule at the time of adoption rather than be included in the rule language itself. Insurers would also appreciate additional clarity around what credit-based insurance score information would result in contributing to a premium increase, since Oregon prohibits the consideration of credit information as a basis for premium increases at renewal.

### Premium change notice contents

The trades received several comments regarding the “premium change notice” draft language. A full list of comments appears below. However, some of these comments and concerns may be alleviated if broader flexibility were provided to insurers in subsection (2), such as:

■ (2) An insurer’s premium change notice shall contain the following format and contents, or something substantially similar all information required under subsections (1) and (2) of ORS 836-XXX-XXX2 as well as:

- Licensed Insurance Company Name, Address, NAIC Number, Notice Date.
- Policyholder Name, Policy Type, Policy Number, Policy Period, and Effective Date.
- Information that instructs the insured how to contact the insurer if they have additional questions regarding the notice.

(3) An insurer may use the following format for a premium change notice, or an insurer may submit for approval a notice that provides the information required under this section in a format that aligns with other documents that the insurer uses to communicate with their policyholders.

*(sample notice follows here)*

Here is the current language of the proposed premium change explanatory letter (referred to in the proposed rule as a “premium change notice”), with **observations** from the trades after each section.

### **Premium change notice**

**Comment:** This document is more accurately a premium change *explanation*. The insured will have already been notified of a premium increase by their insurer and will have asked for more information as precursors to receiving this explanatory document. We suggest renaming the document, and/or allowing individual insurers to determine what it should be called, as long as it meets statutory and/or regulatory requirements.

Licensed Insurance Company – Name, Address, NAIC Number, Notice Date.

Policyholder Name, Policy Type, Policy Number, Policy Period, and Effective Date.

- As you requested, **we are notifying you of a premium increase to your above captioned policy**. Your Premium for this insurance policy has increased from (Total Amount) to (Total Amount) (insurer inserts amounts).

**Comment:** This explanatory letter is intended to provide an explanation to an insured who has made a written request for additional information about a premium increase. As such, the wording in the draft appears to be inaccurate. The insurer is not “notifying you of a premium increase.” The insurer presumably already notified the insured about a premium increase. This letter is to respond to an insured’s request for additional information about the factor(s) that most significantly contributed to the premium increase.

- Your premium is impacted by (insurers insert **the top four rating factors that most significantly contributed** to the premium increase.), which will cause the price of your insurance to increase at renewal.

**Comment:** We suggest this language, if it is to be required as part of the explanatory letter, more accurately reflect the language of the statute and the rule; ie “insurers are instructed to include all of the most significant factors as defined in the rule, but are not required to include more than four factors...” or something similar.

- Here is an explanation for each reason of your premium increase (insurers shall provide a clear and reasonable written explanation **for the top four factors that significantly contributes** to the premium increase along with a corresponding explanation.)

**Comment:** similar to our comments above, instructions to the insurer should align with the language of the statute and/or rule.

• Please note: Your future premiums may increase or decrease if you change your coverage, if there are changes in your risk characteristics that occur during this time frame, or by future rate change filings made by our company in your state.

If you have any questions, please contact your insurance company via telephone ( ), email ( ), postal mail ( ), or visit your website ( ).

**Comment:** it is unclear why there is prospective and speculative language recommended for inclusion in a notice intended to provide information about an existing premium change, not a future one. We suggest that this section be limited to simply suggesting that an insured with additional questions contact their insurance company or insurance agent, and also allow insurers to use alternative language for this section that aligns with methods they most typically use to hear from/communicate with their insured customers.

Here are some additional questions/comments from our members regarding the premium change notice:

*“In the sample form in the body under “Here is an explanation for each reason of your premium increase” We recommend the department should make clear in the description that we only have to provide up to 4 factors. How it is written now could be read by someone that they expect four factors every time (especially if that person is not as familiar with the statute/reg). We also recommend changing “significantly contributes” to “most significantly contributes” to match the definition. The statute and regs will control what needs to be put in the notice, but we think the sample form should not cause confusion.”*

*“Premium Change Notice – the current wording implies that the factors listed are the sole reason(s) the premium increased. It would make sense to include “significantly impacted” or similar words in the 2nd and 3rd bullets.”*

*“We are hoping that our Oregon rulemaking process will support the more general language approach so we can use a form more similar to what we use in WA.”*

### **Periodic data reporting**

We understand and appreciate the need for DFR to collect data regarding how often insureds contact their insurance company to seek additional information about a premium increase. However, as we stated during the Aug. 7 RAC meeting, we believe an annual report to DFR will prove excessively burdensome and costly for insurers. We respectfully recommend:

- ✓ An initial report including the information requested in subsection (3) a. and b. one year following implementation of the rule (September 2027 at earliest),
- ✓ A second report two years following the initial report (September 2029 at earliest).

- ✓ An evaluation by DFR at that time whether a continuing report is necessary based on information reported in the first two reports. The reporting requirement should sunset at the end of 2029, and the rule could be reopened/amended to add additional reporting by insurers to begin after 2029.

With respect to Section 3a, we are informed that it may be easier for an insurer to access and report data on a renewal effective date basis rather than on a renewal offer basis, without affecting the results. We appreciate DFR's consideration of that request as well.

Thank you again for the open and deliberative process DFR has established for this important change in public policy affecting insurers and consumers in Oregon. With an implementation date in the statute of September 2026, we are eager to work with you in hopes of arriving at reasonable language in the proposed regulation as soon as possible, as insurers will need appropriate lead time to prepare to be in full compliance with the statute and rules just a year from now (unless we are able to seek a delay from the Legislature).

We look forward to continuing our dialogue with the division at the next RAC meeting in September. In the meantime, please contact any or all of us if you have any questions or need clarification on any of the concerns or suggestions raised in this correspondence.

Sincerely,

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