

October 24, 2025

Delivered via email

RE: Draft V5 proposed rules implementing HB 2563

T.K. Keen, Acting Insurance Commissioner
John Haworth, Policy Analyst
Karen Winkel, Rules Coordinator

Dear Commissioner Keen and DFR Team,

Thank you for hosting a second Rulemaking Advisory Committee (RAC) 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 October 8.

Definition Section

Per the trades' previous comment letter dated August 22, we continue to seek clarity on behalf of our members with respect to subsections (1) and (2), 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;

Recommendation: It may be appropriate for DFR to consider adding 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 a policyholder 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 *may*, but is not *required to*, provide more than four factors.
- However, this is not made clear in the plain language of the draft rule. The trades have previously suggested, and will again request consideration of, language that more clearly allows insurers some flexibility to appropriately respond to policyholders’ requests for additional premium increase information; ie:
 - ✓ Allowing an insurer to include more than four factors related to a premium increase;
 - ✓ Clarifying that if only a single factor is responsible for a premium increase, only that factor needs to be included;
 - ✓ Suggesting how an insurer must respond to a policyholder’s request for premium increase if no individually identified factor is responsible for the premium increase;
 - ✓ Considering a higher factor threshold, like 5% or 10%, as a 2% contribution may be challenging to isolate.
- As noted in our August 22 letter, the trades 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?

Recommendation: We again suggest that the proposed rules could be written in such a way as to allow some greater flexibility for insurer responses while continuing to align with the language and intent of HB 2563. Here are the **suggestions** we offered in our August 22 letter.

- (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 5% or 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

In our August 22 letter, the trades suggested broader flexibility be provided to insurers beginning in subsection (2) and adding a new subsection (3), 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)

With regard to the premium change notice itself, we acknowledge with appreciation the changes made by DFR in V5 of the draft proposed rules. However, we also note that **three references** that remain in this most recent draft do not accurately reflect what the notice is and how it should be

interpreted by a policyholder. We would start by suggesting that the “Premium change notice” should be more accurately called a **Premium Change Explanation**.

- **Concern #1:** “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).”

Issue/Recommendation: This reference is inaccurate. The policyholder has *already been notified* of a premium increase and has requested more information. This notice or explanation is the result of that request. The trades suggest: “As you requested, we are providing additional information regarding the factors that contributed most significantly to the premium increase applied to the above captioned policy at renewal.”

- **Concern #2:** “Your premium is impacted by (insurers insert all, but not more than the top four rating factors that most significantly contributed to the premium increase. If less than four factors significantly contributed, only list the one, two, or three factors, as appropriate.), **which will cause the price of your insurance to increase at renewal.**”

Issue/Recommendation: At the point this information is being sent to the policyholder at their request, the premium increase has *already been applied*, and the policy renewal is *already in progress*, so this portion of the statement should be deleted or modified to reflect that fact. The trades suggest replacing bullet two in this notice with something like: “Your premium increased at renewal, and these are the factors that most significantly contributed to the increase in your premium.”

- **Concern #3: 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.)
- **Issue/Recommendation:** To avoid confusion and promote message consistency, the trades respectfully suggest this language be modified to say, “**the top factors,**” leaving out the reference to “four,” as only one factor may meet the “significant” threshold for some premium increases.

Periodic data reporting

The trades acknowledge with appreciation the changes made by DFR to subsection (3) of this section.

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.

Since the RAC meeting on October 8, we have also had these suggestions offered by our members:

Recommendation #1:

The data reporting should include (1) the total # of qualified policies, (2) the # of qualified policies where the premium increased, and (3) the # of policyholders who requested information. This will

provide a more complete picture of the measurable impact of the legislation and rules in the insurance market (e.g., 400,000 policyholders, 100,000 policyholders saw an increase, and 100 policyholders requested information).

Recommendation #2:

(3) Each insurer meeting the premium threshold indicated in section (2) must report to the Department of Financial Regulation (DFR) no later than April 30th 2028, and every other year thereafter, the following information by zip code:

(a) The total number of qualified policies as defined in SECTION 2. (1) of House Bill 2563 E (2025).

(b) The total number of qualified policies as defined in SECTION 2. (1) of House Bill 2563 E (2025, where a policy ~~was renewed~~ ~~renewal offer was made~~ during the reporting calendar year ~~where~~ ~~and~~ the renewal term premium was greater than the prior term premium.

(c) The percentage the premium increased for each ~~The total number of~~ policyholders from the group b. ~~a:~~ above that submitted a written request for an explanation for the premium increase, ~~expressed as a percentage, for each such policyholder.~~

(d) Any other data DCBS determines necessary.

Thank you for the open and deliberative process DFR has established for this important change in public policy affecting insurers and consumers in Oregon. We look forward to continuing our dialogue with the division at the next RAC meeting in November. We also welcome any additional opportunity to review and discuss our concerns and recommendations directly with DFR staff at your convenience.

Sincerely,

Kenton Brine

President
NW Insurance Council
Kenton.brine@nwinsurance.org
360.481.6539

Brandon Vick

Regional Vice President, Pacific Northwest Region
National Association of Mutual Insurance Companies
bvick@namic.org
360.609.4363

Denni Ritter

Vice President, State Government Relations
American Property Casualty Insurance Association
denneile.ritter@apci.org
209.968.9107