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NOTICE OF PROPOSED RULEMAKING INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 836

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES INSURANCE REGULATION

FILED

01/28/2026 2:41 PM

ARCHIVES DIVISION

SECRETARY OF STATE

FILING CAPTION: Rulemaking for HB 2563 (2025) Insurance Premium Increase Notices

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 03/03/2026 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

CONTACT: Karen Winkel

503-947-7694

dfr.rules@dcbs.oregon.gov

Labor and Industries Building

350 Winter St. NE

Salem, OR 97301

Filed By:

Karen Winkel

Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 02/24/2026

TIME: 1:00 PM - 1:30 PM

OFFICER: Scott Kluempke

IN-PERSON HEARING DETAILS

ADDRESS: Labor and Industries Building, 350 Winter St. NE, Basement, Conf Rm E, Salem, OR 97301

REMOTE HEARING DETAILS

MEETING URL: [Click here to join the meeting](#)

PHONE NUMBER: 503-446-4951

CONFERENCE ID: 879590080

SPECIAL INSTRUCTIONS:

This is a hybrid meeting conducted in-person and virtually via Microsoft Teams:

Meeting ID: 290 994 733 716 71

Passcode: Jy3s59Ta

Note: Public comments are public records and may be made publicly available.

NEED FOR THE RULE(S)

ORS 742.075 requires insurers to give a clear and reasonable written explanation for any increase in the amount of premium the insured must pay upon renewing a personal auto, home, or dwelling policy when a written request from an insured is received.

There are several portions of the new law that require rulemaking for the purpose of clarification. The operative date of ORS 742.075 is September 1, 2026. The proposed rules OAR 836-054-0110 to 836-054-0130 are adopted pursuant to

the general rulemaking authority of the director of the Department of Consumer and Business Services (DCBS) in ORS 731.244 and the specific authority in ORS 742.075, for the purpose of implementing the new law.

Rulemaking is needed to implement ORS 742.075 in order to further clarify the following provisions and ensure uniform expectations across the industry:

- Defining when a factor significantly contributes to a premium increase.
- Prescribing the form, format, and contents of the written explanation.
- Requiring periodic data reporting from insurers to evaluate the impact of the required notices.
- Clarifying the form and manner of the written request that an insurer must respond to.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE

Draft rules are available from Karen Winkel, Rules Coordinator, Division of Financial Regulation located at 350 Winter St. NE, Salem, OR 97301 and are available on the division's website:

<https://dfr.oregon.gov/laws-rules/Pages/proposed-rules.aspx>.

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE

This rulemaking will impact personal lines property and casualty insurers, agents, and the personal lines property and casualty insurance buying public. The underlying law provides a new opportunity for consumers to receive information about the factors affecting their premium rates, which may be of disproportionate benefit to consumers most likely to receive significant rate increases such as residents of areas at high risk of wildfires or other natural disasters. However, the rules solely provide additional detail and clarity regarding the law's requirements and are not expected to result in differential impacts beyond the requirements of the underlying law.

FISCAL AND ECONOMIC IMPACT:

This rulemaking is to support ORS 742.075, which is likely to have a significant cost for the impacted insurers (personal lines auto, home, dwelling carriers) to become compliant.

Forms will need to be amended and developed. Premium will need to be tracked and compared between policy terms, logic will need to be developed to identify the top four most significant factors, and data reporting to the Division of Financial Regulation (DFR) bi-annually. The department carefully considered the balance between achieving the consumer information goals of the statute and costs to businesses and received feedback on this from the Rulemaking Advisory Committee (RAC).

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) The department will be impacted by the new law and supporting rules being implemented. The Property & Casualty (P&C) Regulation Team will experience an increase in form filings from carriers that will need to be reviewed and approved. The Insurance Compliance Team will need to audit and ensure compliance with the new rules. However, these impacts are absorbable without the need for additional staffing or resources at this time.

(2)(a) Based on financial filings made to DFR, no insurers meet the definition of a small business under ORS 183.310,

because no insurer is independently owned and operated.

Many insurance agents and brokers meet the definition of a small business, and may see additional work and cost impacts, as the new law allows a consumer to make a request for explanation to either their insurance carrier, or producer. Processes will need to be developed between agents/producers and the impacted carriers to respond to the written requests from consumers. These impacts are attributable solely to the underlying law rather than the rules, which do not impose new requirements on agents and brokers. It is impossible to estimate in advance how many consumers will make these requests, and how many will inquire with their agent or broker instead of their insurer, making the economic impact on small businesses impossible to quantify from the information available.

(2)(b) Insurers will need to develop new forms which clearly highlight the consumers right to request in writing an explanation for premium increases, as well as a form to respond to those written requests.

In addition, the new rules call for biennial data reporting of the number of renewal offers that require a higher premium payment than the previous policy term, the number of written requests received from consumers, as well as the amount of the increase, by reporting year. The details of these reporting requirements are specified in rule and are intended to achieve the law's directive to "evaluate the impact of the required notices" without imposing excessive reporting costs on insurers subject to the rule.

(2)(c) Insurance carriers that sell qualified policies (personal lines auto, home & dwelling property) will have to develop and staff to receive and respond to policyholder written requests for premium increases. Carriers will also have to develop logic or algorithms to determine which factors significantly impacted the overall premium increases and select up to four. Individual agencies will need to develop processes to receive and convey policyholder requests to the appropriate carrier. As noted above, these costs are largely attributable to the requirements of the underlying law rather than the rules. It is not possible to provide a quantitative estimate of the impact of the detailed requirements specified by rule based on the information available to the department and the feedback of the RAC.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

A RAC was formed which includes representation from the Professional Insurance Agents of Oregon (PIA/O). Members of PIA/O include agents that qualify as small businesses.

The parties invited to the RAC represented the interest of those most likely affected by this rule, including members from the DFR, property & casualty (P&C) trade associations, insurance agent representatives, and consumer groups.

DCBS convened a RAC on four different occasions, which included representatives from insurance trade associations, insurance agent representatives, and consumer groups. The rulemaking advisory committee met on 08/07/2025, 10/08/2025, 11/06/2025, and 12/04/2025.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

RULES PROPOSED:

836-054-0110, 836-054-0115, 836-054-0120, 836-054-0125, 836-054-0130

ADOPT: 836-054-0110

RULE SUMMARY: Establishes statutory authority and briefly describes the purpose of HB 2563 is to require insurers to give a clear and reasonable written explanation for any increase in the amount of premium the insured must pay upon

renewing a personal auto, home, or dwelling policy when a written request from an insured is received.

CHANGES TO RULE:

836-054-0110

Statutory Authority; Purpose

(1) OAR 836-054-0110 to 836-054-0130 are adopted pursuant to the general rulemaking authority of the director of the Department of Consumer and Business Services in ORS 731.244 and the specific authority in ORS 742.075.¶

(2) OAR 836-054-0110 to 836-054-0130 only pertain to the obligation to provide notices under ORS 742.075 and should not be interpreted to alter, replace or remove any other requirements specified in the Insurance Code or OAR Chapter 836.¶

(3) ORS 742.075 requires insurers to give a clear and reasonable written explanation for any increase in the amount of premium the insured must pay upon renewing a personal auto, home, or dwelling policy when a written request from an insured is received. The purpose of OAR 836-054-0110 to 836-054-0130 is to clarify by rule the requirements of ORS 742.075, subsections (3), (6), and (8).

Statutory/Other Authority: ORS 731.244

Statutes/Other Implemented: ORS 742.075

RULE SUMMARY: Defines when a factor "significantly contributes" to a policy premium increase from one policy term to the next when it exceeds two percent (2%) of the current policy premium, and ranks in the highest four impacts, on a dollar increase basis, of all rating factors that changed.

CHANGES TO RULE:

836-054-0115

Definitions

(1) The clear and reasonable written explanation of a premium increase required under ORS 742.075 must identify and explain each factor that significantly contributed to the premium increase as defined in subsection (2) of this section, subject to the following.¶

(a) The written explanation of the premium increase must identify and explain at least one factor, but not more than four factors, that significantly contributed to the premium increase, as defined in subsection (2) of this section.¶

(b) If no individual factor significantly contributed to the premium increase, as defined in subsection (2) of this section, then the insurer must provide a clear and reasonable written explanation to the insured that identifies and explains all factors and information specific to the insured that generally contributed to the premium increase.¶

(c) The written explanation of the premium increase may provide information to the insured about any additional factors that contributed in any way to the premium increase.¶

(2) A factor "significantly contributes" to a policy premium increase from one policy term to the next if the portion of the policy premium increase attributable to the factor:¶

(a) Exceeds two percent (2%) of the current policy premium; and¶

(b) Ranks in the highest four impacts, on a dollar increase basis, of all rating factors that contributed to the premium increase.¶

(3) If an insurer determines that all factors that contributed to an insured's premium increase resulted from policy changes initiated by the insured with respect to policy coverage or premium amount, the 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.

Statutory/Other Authority: ORS 731.244

Statutes/Other Implemented: ORS 742.075

RULE SUMMARY: Outlines the explanation required and minimum amount of information to include in the contents of the premium change notice. Insurers are permitted to provide additional information beyond these requirements.

Provides an example of what a Premium Change Explanation can look like.

CHANGES TO RULE:

836-054-0120

Premium Change Explanation

(1) The clear and reasonable written explanation of a premium increase required under ORS 742.075 must contain:¶

(a) All information required under subsections (1) and (2) of OAR 836-054-0115:¶

(b) The date of the written explanation:¶

(c) The insurer's licensed insurance company name, address, and NAIC Number:¶

(d) The insured's name, policy type, policy number, policy period, and effective date; and¶

(e) Information that instructs the insured how to contact the insurer if they have additional questions regarding the written explanation.¶

(2) An insurer may use the following format for the clear and reasonable written explanation of a premium increase required under ORS 742.075, 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.¶

Premium Change Explanation¶

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 providing additional information regarding the factors that contributed most significantly to the premium increase applied to the above captioned policy at renewal.¶

"Your premium increased at renewal, and these are the factors that most significantly contributed to the increase in your premium.¶

"Here is an explanation for each reason of your premium increase (insurers shall provide the information and explanation required under OAR 836-054-0115.)¶

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

Statutory/Other Authority: ORS 731.244

Statutes/Other Implemented: ORS 742.075

RULE SUMMARY: Explains who, when, and what data to report bi-annually to the DFR. P&C carriers are expected to report the total number of qualified policies where an offer to renew was extended, the number of those that inquired about the increase, and the percentage increase of the policies where the policyholder inquired about the increase.

CHANGES TO RULE:

836-054-0125

Periodic Data Reporting

(1) As used in this rule:

(a) "Qualified policy" has the meaning set forth in ORS 742.075; and

(b) "Qualified insurer" means any insurer that offers a qualified policy and whose combined written premium of the qualifying lines is \$1,000,000 or greater for any calendar year being reported.

(2) Each qualified insurer must report to the department no later than April 30, 2028, and no later than April 30 of every other year thereafter, the following information grouped by zip code and calendar year, for each of the two preceding calendar years:

(a) The total number of renewal offers of qualified policies for which a policy renewal offer was made during the reporting calendar year where the renewal term premium was greater than the prior term premium.

(b) The total number of renewal offers of qualified policies for which the insurer received a written request for an explanation of a premium increase pursuant to ORS 742.075 and OAR 836-054-0110 to 836-054-0130.

(c) The percentage increase in premium for each qualified policy for which the insurer received a written request for an explanation of premium increase.

(d) Any other data the department prescribes.

(3) Qualified insurers shall submit report information from each of the two previous calendar years in the form and manner prescribed by the department as set forth on the department's website at dfr.oregon.gov.

Statutory/Other Authority: ORS 731.244

Statutes/Other Implemented: ORS 742.075

ADOPT: 836-054-0130

RULE SUMMARY: Prescribes the form and manner that a policyholder must provide to an insurer in order to make a request for premium increase explanation.

CHANGES TO RULE:

836-054-0130

Form and Manner of Written Request

A written request for an explanation of a premium increase made pursuant to ORS 742.075 and OAR 836-054-0110 to 836-054-0130 must be made in the form and manner prescribed by this rule.¶

(1) The request must include the insured's name, the insured's address, and the policy number and policy type of the policy for which the request is made.¶

(2) The request must be printed, typewritten, or legibly handwritten.¶

(3) The request must clearly state the insured is requesting an explanation of why their policy premium is increasing at renewal.¶

(4) The request must be submitted by postal mail, email, or hand delivered.

Statutory/Other Authority: ORS 731.244

Statutes/Other Implemented: ORS 742.075