



Consumer Federation of America

Comments from Consumer Federation of America to the Washington State Office of the Insurance Commissioner in Support of R 2022-01—Premium Change Transparency

August 3, 2022

Insurance Commissioner Mike Kreidler
5000 Capitol Blvd SE
Tumwater, WA 98501
RulesCoordinator@oic.wa.gov

Re: R 2022-01 Insurance Underwriting Transparency—Second Draft

The Consumer Federation of America (CFA) appreciates the opportunity to comment on the second draft of the rule promulgated by the Washington State Office of the Insurance Commissioner (OIC)—R 2022-01—Premium Change Transparency. Generally, the comments we provided in June, which are attached to this letter, remain unchanged, and we urge the OIC to implement premium change notification requirements as soon as possible. Providing consumers a clearer understanding of premium increases will not only bring important transparency to the market, it will make Washingtonians better informed consumers and provide key information that could help them both reduce their risk of loss and save money.

As the primary substantive change to the rules is to limit the required disclosures to instances in which an insurer increases the renewal premium by more than ten percent, that is the sole focus of these additional comments. We gather that the purpose of limiting disclosure notice to a certain threshold is to eliminate the need for insurers to issue additional disclosures for what might be considered a limited or *di minimis* change. It is our view that the ten percent threshold is too high, especially considering the high cost of the critically important and often mandatory insurance products covered by this proposed regulation.

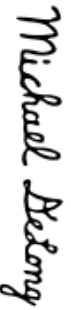
According to the most recent National Association of Insurance Commissioners Auto Insurance Database Report (2022), the average expenditure on auto insurance in Washington is \$1,066.84. For a two-vehicle family that suggests an annual premium in the range of \$2,000. In that case, an annual premium increase of \$199, though hugely significant to a family with limited resources, could be imposed without the explanatory notification that this rule otherwise ensures. While the rule allows consumers to request an explanation, the power and value of this rule derives from the transparency it brings to the marketplace and not by creating a right to access information, a right that most consumers will never know they have.

When insurers institute their notification system to meet the requirements of Premium Change Transparency, it will be a programmatic response to rule, not a manual exercise. As such, there will be little if any difference in the work required to meet a ten percent threshold as opposed to, for example, a five percent threshold. Insofar as the goal is primarily to avoid disclosure

requirements for *di minimis* premium changes, we suggest the OIC impose a minimum change requirement equal to one dollar or more per month covered by the policy. So, for example, a six-month policy renewal would only need to include premium change explanations for policies that increase by six dollars or more, and a 12-month policy would require notification if the premium increase is 12 dollars or greater.

CEA urges OIC to finalize rule R 2022-01 quickly and with provisions that create as much transparency and clarity about premium increases as possible. Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

A handwritten signature in black ink that reads "Michael DeLong". The signature is written in a cursive, slightly slanted style.

Michael DeLong
Research and Advocacy Associate
Consumer Federation of America

From: [Douglas Heller](#)
To: [Walker, Michael \(OIC\)](#)
Cc: [Michael DeLong](#); [Welch, Bryon \(OIC\)](#); [Forte, David \(OIC\)](#); [Marquis, Stephanie \(OIC\)](#)
Subject: Re: Question About Comments on Second Draft of Premium Transparency Regulation
Date: Monday, August 1, 2022 1:56:11 PM
Attachments: [PastedGraphic-1.tiff](#)

External Email

Hi Michael,

Last week you sent my colleague some notes on the OIC's second draft of the Premium Transparency Reg. I have a related question that I hope you can clarify for me.

As I read the Scope of Applicability section, it is clear that the requirements only apply to renewals and not new policies. Is it also correct to assume that it does not apply to mid-policy coverage changes?

For example, if someone adds a car to their policy mid-term (thus increasing the premiums), a Premium Change Transparency notice would not be required, if I am reading this correctly. That is fine with us, and I just want to make sure that people can change coverage mid-policy and not have to wait for 20 days for it to take effect because of the 20 day notice requirement. I don't think that's what the regulation would lead to, but I want to make sure you agree.

Thanks,
Doug

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Douglas Heller
Director of Insurance
310-480-4170
[@DougHeller](#)
[@ConsumerFed](#)



From: Walker, Michael (OIC) <Michael.Walker@oic.wa.gov>
Sent: Monday, July 25, 2022 1:14 PM
To: Michael DeLong <mdelong@consumerfed.org>
Cc: Marquis, Stephanie (OIC) <Stephanie.Marquis@oic.wa.gov>; Welch, Bryon (OIC) <Bryon.Welch@oic.wa.gov>; Paine-Donovan, Rory (OIC) <Rory.Paine-Donovan@oic.wa.gov>; Forte, David (OIC) <David.Forte@oic.wa.gov>
Subject: RE: Question About Comments on Second Draft of Premium Transparency Regulation

Hello Michael,

Thank you for your email and interest in our Premium Change Transparency

rulemaking (R 2022-01).

Written comments on the [Second Draft](#) are due to the Washington State Office of the Insurance Commissioner by close of business (5PM PST) on August 3, 2022. Written comments can be emailed to (RulesCoordinator@oic.wa.gov). This is also the same date as the next interested party meeting. To register for the next interested party meeting please visit the registration link on our Premium Change Transparency website (located [here](https://www.insurance.wa.gov/premium-change-transparency-r-2022-01) – <https://www.insurance.wa.gov/premium-change-transparency-r-2022-01>).

In your email you also inquired about a rule change that we made in the Second Draft. In detail, you asked for the reasons revisions were made to the legal threshold contained in WAC 284-30A-040(1), which now requires transparency notices to be sent in response to a 10% premium increase or upon request by the policyholder for any premium change, instead of by default in response to *any* premium change. There were multiple reasons carefully considered by the rule team in processing this change, including making data driven decisions, exploring potential to reduce regulatory impact, and achieving additional consumer protections not currently present. Requiring transparency notices in response to *any* premium change could require notices for premium decreases. However, the agency did not receive any consumer complaints indicating that transparency is necessary in insurance transactions with premium decreases. Additionally, we are attempting to use the Second Draft to seek whether the best policy and rules will require transparency notices either by default (with a legal threshold), upon request, or some combination thereof.

Thank you again for your email and please let us know if we can provide any additional information.

<image001.png>

Michael Walker

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matter. If you need legal advice, then please seek professional legal counsel.

From: Michael DeLong <mdelong@consumerfed.org>

Sent: Monday, July 25, 2022 11:12:35 AM

To: Marquis, Stephanie (OIC) <Stephanie.Marquis@oic.wa.gov>

Subject: Question About Comments on Second Draft of Premium Transparency Regulation

External Email

Stephanie, hope your Monday is going well. We are working on comments in support of the second draft of the premium transparency regulation.

The hearing is on August 3rd-is that the due date for the comments? And I was curious about this section change from the earlier draft: "Insurers must use the Premium Change Notice provided in this chapter to notify policyholders of a premium increase of ten percent or more, or upon request by the policyholder for any premium change." What were the reasons for the change?

We have already registered for the meeting.

Thanks,

Michael DeLong
<OIC Second Draft - Transparency Rules (Website Version).pdf>