

December 19th, 2024

Insurance Commissioner Mike Kreidler
Washington State Office of the Insurance Commissioner
5000 Capitol Blvd SE
Tumwater, WA 98501
rulescoordinator@oic.wa.gov

Re: CR-101 to R 2024-07—Proposed Delay of Phase Two of Washington State’s Premium Change Transparency Rule

The Consumer Federation of America (CFA) opposes any further delay of implementation of Phase Two of Washington State’s Premium Change Transparency Rule, requiring insurance companies to automatically notify consumers of the reasons for premium increases above a 10% threshold in insurance policy renewals. The rulemaking process for this requirement has provided ample opportunity for input and provided insurers with plenty of time to prepare to comply. Washington consumers need clear information about the reasons for premium increases, and implementation should move forward as previously scheduled.

The Premium Change Transparency Rule, found in Chapter 284-30A WAC, was filed in June 2023. Phase 1 of the rule began on June 1st, 2024 and requires insurance companies to provide a “reasonable explanation” for premium increases when policyholders make a request, in writing, for information about a premium increase that occurred when their policy is renewed. This rule applies to private passenger auto insurance and homeowners insurance. It defines a reasonable explanation as “sufficient information, in terms that are understandable to an average policyholder, which enable the policyholder to figure out the basic nature of any premium increase.” The reasonable explanation can be a general statement to consumers, but the insurance companies must now include a prominent disclaimer on renewal notices and renewal billing statements stating that policyholders seeing premium increases can request explanations.

Phase Two of the rule is currently scheduled to take effect on June 1st, 2027. This phase will require insurance companies to provide premium change notices to all policyholders when an insurance renewal results in a



10% or greater premium increase, and for any premium increase when a policyholder requests it. These notices must include the following factors if they cause premium increases: car garaging location, driving record, miles driven, number of drivers, number of vehicles, claims history, discounts, fees and surcharges, age, credit history, education, gender, marital status, occupation, property location, property age, and property value.

However, the Washington State Office of the Insurance Commissioner (OIC) is currently considering delaying the implementation of this rule for another two years, until June 2029. As CFA has written in our past comments, there is no good reason to allow insurance companies to further delay transparency regarding their rate hikes and premium increases that policyholders are facing.

We appreciate OIC's work on this regulation and the opportunities for stakeholder feedback. But we are troubled by the prospect of further delay of this rule, especially since the consideration began almost three years ago, when the proposed rulemaking was filed on February 1st, 2022. The rule went through four different drafts, undergoing changes in response to questions and pressure from the insurance industry, diminishing the extent of transparency and timeliness of implementation. CFA testified multiple times in support of the original rule and opposed efforts to undermine its provisions. A June 2029 implementation date means that from the notice of rulemaking to its conclusion, it will have taken over seven years for the rule to be completely executed.

Such delays come at a time when insurance premiums have been dramatically rising for many consumers. The U.S. Bureau of Labor Statistics (BLS) reported that as of June 2024, the average cost of auto insurance had increased by 20% year over year.¹ Homeowners insurance costs have resulted in substantial hardship for many families; the BLS reported that homeowners insurance premiums have gone up 11.5%

¹ "Why Did My Car Insurance Go Up in 2024?" By Aliza Vigderman, Jennifer Lobb, and Kara McGinley. USA Today. October 24th, 2024. Available at <https://www.usatoday.com/money/blueprint/auto-insurance/why-did-my-car-insurance-go-up/>.



since 2022.² Many consumers are frustrated and demanding answers for these hikes; the premium change transparency rule will help provide them.

The insurance industry claims that Phase Two, by requiring insurance companies to provide more granular, individual premium breakdowns, will be costly for them. Industry trade groups have even stated that the rule will cost “tens of millions, or even hundreds of millions of dollars” to implement. CFA believes these claims are greatly exaggerated and that compliance costs with the premium change transparency rule will be modest and manageable. By exaggerating these costs, the industry hopes to permanently delay the regulation and ensure that consumers are not informed about the reasons for their premium increases.

It has been about three years since the notice of rulemaking for the Premium Change Transparency Rule. We hope that OIR will hold to the current rule’s timeline of June 2027 so that Washington consumers are provided the insurance premium increase explanations that they deserve and need without additional delay.

Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

A handwritten signature in black ink that reads 'Michael DeLong'.

Michael DeLong
Research and Advocacy Associate
Consumer Federation of America

² “The Average Cost of Homeowners Insurance in November 2024.” By Saad Imram. MarketWatch. November 1st, 2024. Available at <https://www.marketwatch.com/guides/insurance-services/average-home-insurance-cost/>.