

Oregon Department of Consumer and Business Services Division of Financial Regulation, Bulletin No. DFR 2021-6

TO: All property and casualty automobile insurance companies

DATE: December 9, 2021

RE: 2021 auto rates and filings for private passenger auto insurance

Purpose

This bulletin outlines expectations for 2021 auto rates and filings for private passenger auto insurance considering the changes to consumer driving patterns as a result of the COVID-19 pandemic.

Authority

ORS 731.296, ORS 737.310, OAR 836-010-0021

Background

The COVID-19 pandemic impacted driving behavior for many Oregonians as people experienced more time at home and less time traveling on the roads. These differences have impacted the 2020 driving experience and will continue to change as Oregon emerges from the pandemic. The Division of Financial Regulation (DFR) provided guidance to auto insurers in DFR Bulletin 2020-11 on its expectations for rate reductions to policyholders as a result of changes to the 2020 driving experience.¹

Mobility metrics continue to show changes in travel behaviors from March 2020 to present.² It is unknown if the adjustments people made to their travel behavior and automobile use during the COVID-19 pandemic will have long-lasting impacts on the driving experience used to construct auto insurance rates. However, there will likely be different driving patterns with more people utilizing teleworking options, continued use of e-commerce, and other adaptations that were less common before the COVID-19 pandemic.

¹ DFR Bulletin 2020-11: Rate reductions and rebates to auto insurance policyholders. Accessed: <https://dfr.oregon.gov/laws-rules/Documents/Bulletins/bulletin2020-11.pdf>.

² Bureau of Transportation Statistics, COVID-19: Week in Transportation. Accessed: <https://www.bts.gov/covid-19/week-in-transportation>.

Oregon law requires insurers to file their rates with the division and identifies the standards to be met when an insurer is making or using their rate. ORS 737.310 specifies that rates should, among other standards, provide consideration “to past and prospective loss experience within this state, to the hazards of conflagration and catastrophe, to a reasonable margin for profit and to contingencies, to dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers, to past and prospective expenses specifically applicable to this state, and to all other relevant factors, including judgment factors deemed relevant, within this state”.

OAR 836-010-0021 requires that property and casualty insurers submit supporting actuarial data with the rate filings. This data is required to provide sufficient detail to justify any rate changes and to demonstrate compliance with ORS 737.310.

Several states, including Alaska, California, Idaho, Maine, Montana, Michigan and Rhode Island have issued bulletins related to reduced driving due to the COVID-19 pandemic.³ By requiring carriers to review their rates in light of the COVID-19 pandemic, Oregon is acting to ensure the public that rates are accurate and reflective of changed driving behaviors.

Guidance

Auto insurance carriers are required to submit a rate filing with the division for all private passenger auto insurance policies to accurately reflect the changes in driving behavior that have occurred. Insurers should include information on 2020 claims, expense experience, provide a view of future losses, and how variables impacted by COVID-19 are being accounted for in either the revised rating plan or the current rating plan. In lieu of a rate filing, insurers may submit a rule filing addressing items 1 through 4 below to demonstrate that their current rating plan accurately reflects risk in light of claims experience from March 2020 to March 2021. The rate or rule filing is required irrespective of whether there is a change to the existing rate filed with the division.

Information submitted will help the division evaluate the impact of COVID-19 on the driving experience and rates paid by consumers. The rate or rule filing must include the following information:

1. How the historical driving experience in Oregon based on the time period of March 1, 2020 through March 1, 2021 is predictive of future experience including the following:
 - a. Changes to underlying exposure to loss due to decreased driving activity by a specific insured, as well as the aggregate impact of decreased driving activity.
 - b. Changes to frequency of claims.
 - c. Changes to severity of claims.

³ See Alaska Division of Insurance Bulletin [B 20-10](#); [California Dept. of Insurance, Bulletin No. 2021-03](#); Idaho Department of Insurance Bulletin [20-05](#); Maine Department of Professional and Financial Regulation - Bureau of Insurance, [Bulletin 452](#); Michigan Department of Insurance and Financial Services, [Bulletin 2021-07-INS](#); Montana Office of the Montana State Auditor, Commissioner of Securities and Insurance Bulletin of [April 9, 2020](#); and Rhode Island Department of Business Regulation – Insurance Division, [Insurance Bulletin 2021-3](#).

- d. Changes to estimates of ultimate losses.
 - e. Disruption to expected loss trends including claim frequency, claim severity, etc.
 - f. Impact on claim adjudication.
 - g. Adjustments, if any, to the expected loss ratio.
2. Any impacts on insurer expenses due to COVID-19, for instance, less travel and working from home.
 3. The amount of return premium provided to Oregonians as described by DFR Bulletin 2020-1. Explain any other action taken to adjust premiums to more accurately reflect policyholder driving patterns.
 4. How the current or revised rating plan accounts for any changes in rating variables as a result of COVID-19 (i.e. lost jobs, deferral of mortgage payments, etc.). Provide information on the accuracy of any filed rating variables that may be affected by the COVID-19 pandemic such as credit-based insurance scores, occupation, home ownership status, etc.

Updated rates and information provided in response to the questions above are required to be submitted by April 1, 2022.

This bulletin takes effect immediately.



Andrew R. Stolfi
Insurance Commissioner and Director
Department of Consumer and Business Services

12/9/2021

Date