



Mike Kreidler – Insurance Commissioner

As required by

The Washington State Administrative Procedure Act

Chapter 34.05 RCW

Matter No. **R 2022-01**

**CONCISE EXPLANATORY STATEMENT; RESPONSIVENESS
SUMMARY; RULE DEVELOPMENT PROCESS; AND
IMPLEMENTATION PLAN**

Relating to the Adoption of

Premium Change Transparency Regulations

June 21, 2023

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Section 1: Introduction

The Revised Code of Washington (RCW) 34.05.325(6) requires the Washington State Office of the Insurance Commissioner (OIC) to prepare a “concise explanatory statement” (CES) prior to filing a rule for permanent adoption. The CES shall:

1. Identify the Insurance Commissioner's (Commissioner) reasons for adopting the rule;
2. Describe differences between the proposed rule and the final rule (other than editing changes) and the reasons for the differences;
3. Summarize and respond to all comments received regarding the proposed rule during the official public comment period, indicating whether or not the comment resulted in a change to the final rule, or the Commissioner's reasoning in not incorporating the change requested by the comment; and
4. Be distributed to all persons who commented on the rule during the official public comment period and to any person who requests it.

In addition, RCW 48.30.010(3)(b) requires that the Commissioner include a detailed description of facts relied upon in defining the practices identified in this rule as unfair trade practices.

Section 2: Reasons for Adopting the Rule

Numerous consumer complaints and industry responses provided to the OIC indicate that insurers have engaged in unfair and deceptive practices in renewal transactions. These practices involve insurers' lack of transparency in disclosing premium increase information to their policyholders at the time of policy renewals. Insurers have provided consumers with renewal notices that either wholly exclude explanations for premium increases, communicate vague or misleading reasons, or fail to include adequate information for consumers to sufficiently understand the basic nature of their premium increases.

These unfair and deceptive practices operate to the benefit of insurers, by generating additional revenue, and to the detriment of consumers, who are left uninformed and paying higher insurance costs. In the current state, consumers are left uninformed on the factors considered by their insurers in underwriting at renewal that result in negative financial impacts, as well as how consumers can mitigate their insurance risks or costs. This demonstrates a need for insurers to provide transparency to their policyholders for premium increases imposed at renewal.

In the current state there are missing components of insurer transparency and consumer protections at renewal. The business practice of insurers increasing their policyholders' premiums at renewal, without disclosing the causal factors and actuarial reasons for doing so, is unfair and deceptive. Permitting insurers to veil their renewal underwriting practices, and premium increases, with the pretense that they are proprietary, confidential, and of no interest or control to the consumer, results in a lack of honesty, transparency, and fairness for renewal transactions.

Consumer complaints to the OIC have been numerous and trending upward in recent years. For example, in 2019, 2020, and 2021, OIC processed 6,015, 6,678, and 7,705 consumer complaints respectively (see OIC Annual Reports for [2019](#), [2020](#), and [2021](#)). The lack of premium change transparency from insurers to policyholders, as it pertains to premium increases caused but not explained by insurers at renewal, is contributing to these trends. Under the existing regulatory framework thousands of consumers are contacting the OIC to inquire about their premium increases, learn about consumer protections, and submit related consumer complaints.¹

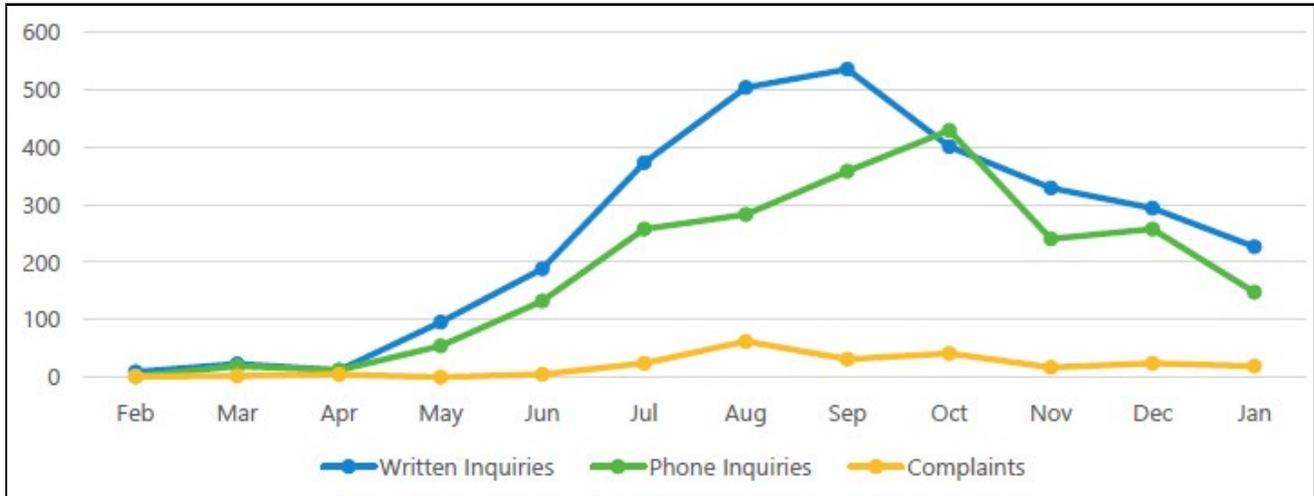
Consumer complaints about premium increases are nothing new. However, in 2021, the Commissioner adopted an emergency rule related to credit scoring, which for a time required broad changes to how insurance companies calculated premiums. This resulted in a large number of insurers distributing premium change notices to their policyholders. Consumer complaints concerning premium changes and insurer notices skyrocketed that year, coming largely from those who believed their premiums were increasing because they were not receiving a discount for good credit. As the OIC reviewed consumer complaints concerning their premium increases and lack of insurer transparency, the OIC saw a disturbing pattern of inaccurate information being provided by insurers to consumers in the premium change notices. When the emergency rule, and subsequent permanent rule were overturned by the courts, another wave of consumer complaints came from those whose higher premiums were reinstated because their credit history was now being included in their credit scores and insurer underwriting. These consumer complaints highlighted the need for more accurate, transparent, and understandable information for consumers at renewal and due to premium increases.

The first emergency rule related to credit scoring was adopted on March 22, 2021, with an immediate effective date. The OIC established internal data tracking systems within the Consumer Protection Division during this timeframe to track consumer contacts and complaints related to the emergency rule. To accomplish this, the OIC analyzed consumer contacts and complaints for Property and Casualty (P&C) insurance, focusing on any with the keyword “credit” and found that from February 2021 to January 2022 OIC received over 5,000 consumer inquiries and complaints on the topics of credit scoring and underwriting transparency.² The below charts incorporate agency data outlining the number of consumer inquiries and complaints to the OIC on credit scoring and underwriting transparency, as well as trends experienced from February 2021 to January 2022:

Contact Type	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Written email/Ask Mike/ Inquiries	10	24	13	96	189	373	503	535	401	329	294	227
Phone Inquiries	2	20	13	55	133	258	283	358	429	241	258	148
Complaints	2	3	5	1	6	25	63	32	42	18	25	20

¹ For instance, consumer protections can include inquiries related to insurer notice and compliance requirements.

² This timeframe was selected to show the status of consumer contacts and complaints prior to and during the insurer underwriting credit scoring prohibitions.



Most of the OIC’s interactions with consumers are through inquiries, such as those submitted through the online Ask Mike portal or via telephone. However, consumer inquiries can be elevated to consumer complaints under certain circumstances. Consumer complaints result in additional impacts for all affected parties, including the regulators, insurers, and consumers.

This type of work is processed in the OIC’s Consumer Protection Division, Consumer Advocacy Program (CAP). Currently when a CAP analyst receives a consumer complaint about a premium increase, they offer to contact the insurance company for a breakdown of the premium increase. This takes agency resources, processing time for all parties, and can delay or prevent consumers from getting helpful and necessary information as they consider whether to renew their coverage or shop for more competitive premiums. When there are broad rate changes in the market, it forces consumers to use the CAP complaint process to get accurate information as to why their premiums are increasing. This also results in OIC staff impacts, including backlogs to caseloads and work assignments. The complaint process in itself can take hours of analyst time over weeks and sometimes months depending on the case. And while the complaint process is running its course, the consumer is also waiting for accurate information.

While insurers do not currently have a legal duty to provide premium change transparency as required by this rule, there are regulations that require insurers to provide notices for changes in premiums and to respond to consumer complaints and agency inquiries in a timely manner (WAC 284-30-590 and 284-30-360). As a general rule, insurers are required to respond to an inquiry from the Insurance Commissioner within 15 business days. Sometimes the OIC has additional follow up questions and gives the insurer additional time to respond. The OIC has established internal goals for consumer complaint cases to not exceed a 45-day timeframe. However, the premium change transparency complaints generally required multiple agency requests, as well as several responses from insurers. These attempts by the OIC to help consumers understand an insurer’s reason for their premium increase can take well over a month to receive.

One near universal element of the complaints the OIC receives concerning insurer explanations of premium increases, is the lack of a detailed explanation for the factors contributing to a consumer’s premium increase. Consumer complaints and industry responses have shown that insurance companies typically respond with overly technical or indecipherable answers,

information that is either unclear and ambiguous, or blanket and undetailed assertions. In many instances, the OIC and consumer need to contact the insurance company multiple times, in order to receive helpful information on any related inquiries, complaints, and premium increases.

The following examples include information from consumer complaints submitted to the OIC that illustrate the unfair trade practices and consumer protection issues referenced herein:

- An insurer initially responded to a consumer's telephone inquiry on their premium increase of 39% for auto insurance with information indicating that there are thousands of things that are looked at by insurers to determine the rates. The consumer then asked the insurer again for additional information on their premium increase and was told that the information sought was not accessible by the insurance company staff at any level.
- An insurer raised their policyholder's premium by 16% over a six-month term. The policyholder called their insurer to inquire into the premium increase, but the insurer informed the policyholder that they could not provide a breakdown. The company eventually responded with large tables that are not easily read or consumer friendly.
- A consumer submitted a complaint to OIC due to their homeowner insurance policy premium increasing by \$368 to \$811 annually. The insurer responded that the premium increase was due to the insurer's failure to properly account for certain risk characteristics. However, the insurer would not provide a formal breakdown of the premium increase. The consumer asked the insurer for additional information but was denied.
- A consumer submitted a complaint to OIC concerning an 8.8% premium increase, or an additional \$52 for six months. The complaint indicated neither the insurance company nor agent could tell the consumer why their rates increased.
- An insurer initially explained to their policyholder that their premiums were increasing exclusively due to OIC credit scoring regulations. However, subsequent agency requests and the insurer's final response to the consumer showed this was not accurate. CAP analysts discovered the policyholder's premiums increased \$138 due to a change in payment scheduling from in-full to monthly, \$272 due to the company's rate revision, and \$142 due to adding a vehicle during the prior period. The premium increased by \$554 total.
- An insurer first blamed a 28% premium increase entirely on a credit scoring ban. Then CAP analysts discovered the insurer's breakdown showed only 7.5% of the total premium increase was attributed to a credit scoring ban. The company's base rates and factors for age of home caused significantly higher increases than removal of the policyholder's credit score.
- An insurer needed three rounds of responses with the OIC and their consumer, to sufficiently respond to the complaint and inquiry on premium increases. The insurer's initial notice to the policyholder mentioned that their premiums may increase due to a ban on insurers considering credit history in setting rates. The insurer's subsequent responses included difficult to understand financial charts and complex terminology such as credit neutralization factors. The insurer's third response to the consumer presented information in more understandable terms and adequately answered the questions in the complaint.
- An insurer lead a consumer to believe a credit scoring ban was solely responsible for their premium increase, but in reality the increase was the result of numerous other

factors such as a change in address and risk territory assessment, property value reassessments, and building ordinance and special personal property changes. Despite the consumer asking the insurance company explicitly for a breakdown of their premium increase, the company only provided descriptions of rate factors and not the amounts or percentages.

- An insurer first told their consumer that the reason for their premium increase was entirely due to a credit scoring ban. CAP analysts then requested and reviewed the insurer's response, discovering that the removal of insurer credit score consideration was not the sole cause of the policyholder's premium increase. Instead, other factors such as comprehensive losses over 36 months, average driver factors, and vehicle type factors contributed to the premium increase.
- An insurer informed their policyholder that a 35% premium increase was due entirely to a credit ban. However, the insurance company's response showed changes occurred to the policyholder's coverages, as well as a significant increase in the estimated miles driven over the renewal period (at 500 miles more), which both contributed to the premium increase and were unrelated to a credit ban.
- An insurer informed their policyholder that a homeowner insurance policy premium increase of \$1,165.11 was due to the credit scoring ban. However, agency requests and the company's follow-up responses revealed that three other factors, including qualified losses, company rate revisions, and increased estimated reconstruction costs, contributed to the premium increase.
- An insurer informed their policyholder of a \$511 premium increase due to the inability to use credit to rate the policy. CAP analysts then discovered a discount was removed resulting in an additional premium of \$116, a change in loss history caused an increase of \$242, a change in loss years from 1-7 to 0 added \$35, and minor changes caused by property age, quote discounts, and dwelling coverages, which also contributed to the premium increase.
- An insurer told their consumer the reason for their premium increase was due to an emergency rule. However, a subsequent response from the insurer showed that the premium increase resulted from company coverage changes due to annual inflation factors and limitations, as well as the age of the policyholder's home increasing by one year.
- An insurer told their consumer the reason for their premium increase was due to the OIC's emergency order. The company's response showed that there were many other factors considered for the premium increase, including vehicle model symbol, liability symbol, as well as demographic factors like age, gender, and marital status.
- An insurer told their consumer the reason for their premium increase was due to the credit scoring ban. According to the company response the premium increased by \$190, which was caused by other factors in addition to the credit scoring ban, such as a base rate increase and coverage changes due to inflation.
- An insurer responded to a consumer request for premium change transparency with intricate actuarial information to explain the premium increase. This required OIC actuaries to decipher and eventually provide helpful information to the consumer.

Even when premium change transparency is eventually provided by an insurer to a consumer in response to a consumer complaint with OIC, consumers generally experience frustration. The consumers report frustration because they were not provided this information initially, without

contacting OIC or submitting consumer complaints. In some cases, this labor-intensive complaint process has resulted in insurers providing meaningful breakdowns of premium increases, and the end result may lead to premium reductions for the consumers. These reductions have occurred because consumers were empowered with meaningful explanations of their premium increases. Educated consumers have found discounts they are entitled to have been erroneously removed, or that they are being charged for coverage changes they did not request. When consumers are ultimately successful in obtaining a meaningful explanation of their premium increase, the result is a better functioning insurance marketplace for all affected parties.

Section 3: Rule Development Process

Prior to initiating rulemaking on this topic, the OIC processed numerous consumer contacts and complaints on the lack of insurer transparency related to premium increases occurring at renewal. Thereafter, the OIC Consumer Protection Division processed a rule referral according to agency protocol, which was approved for rulemaking on transparency in insurance underwriting (R 2022-01). The agency then filed a Preproposal Statement of Inquiry (CR-101), with the Washington State Office of the Code Reviser on February 1, 2022 (WSR 22-04-091).

Next, the OIC assembled an internal rule team consisting of subject matter experts from across the agency's different divisions. The rule team included representation from the following OIC Divisions: Company Supervision, Consumer Protection, Legal Affairs, Policy & Legislative Affairs, Public Affairs, and Rates, Forms & Provider Networks. The rule team conducted internal meetings throughout the rulemaking process including preliminary, individual, and regularly reoccurring meetings. The agency also determined that this rulemaking possessed potential to benefit from multiple external interested party meetings and prepublication drafts. Therefore, OIC processed four prepublication drafts and five interested party meetings, each with multiple-week comment periods. The interested party meetings and prepublication drafts are listed with dates as follows:

- Initial Interested Party Meeting: April 18, 2022
- First Draft (Prepublication): May 31, 2022
- Second Interested Party Meeting: June 14, 2022
- Second Draft (Prepublication): July 20, 2022
- Third Interested Party Meeting: August 3, 2022
- Third Draft (Prepublication): October 27, 2022
- Fourth Interested Party Meeting: November 10, 2022
- Fourth Draft (Prepublication): January 19, 2023
- Fifth Interested Party Meeting: February 2, 2023

During the prepublication phase of rulemaking, the agency coordinated efforts on this rulemaking with the National Association of Insurance Commissioner's Transparency and Readability of Consumer Information Working Group. The agency met with the industry, including the OIC P&C Producer Advisory Committee and individual insurance companies. OIC also processed an industry survey. Finally, the agency researched other states, federal authorities, and national efforts on insurer transparency and conditional renewal notice requirements.

The agency used multiple forums and mediums to inform interested parties about this rulemaking and opportunities to participate with it. This includes utilization of the OIC main website, OIC Laws and Rules webpage, OIC GovDelivery application, Office of the Code Reviser, agency media (including Twitter), general outreach, correspondence, and telephone calls. This rulemaking was initiated with the Preproposal Statement of Inquiry CR-101 (WSR 22-04-091) filed on February 1, 2022, and continued with the notice of Proposed Rulemaking CR-102 (WSR 23-07-077) filed on March 14, 2023.

Section 4: Differences Between Proposed and Final Rule

None.

Section 5: Responsiveness Summary

Comment	Response
<p>CR-101</p> <p>Insurers already provide significant amounts of public information to consumers and the rules will not actually best serve the consumers.</p> <p>The CR-101 filing does not cite any real consumer need based on data such as complaints to the OIC.</p> <p>The notice raises significant fundamental and legal issues, citing RCW 48.02.060 and 48.01.030, as well as the FCRA (15 USC Section 1681t(b)(1)(C)).</p> <p>The notice raises substantive compliance issues and is uniquely impractical, referencing the proprietary nature of underwriting, which uses multivariate functions, and information that would be helpful to the consumer.</p> <p>The rule lacks clarity.</p> <p>The rule proposal ignores the regulatory authority of the Commissioner to achieve necessary consumer protection without the fundamental flaws with this rulemaking.</p> <p>The OIC should engage in negotiated and pilot rulemaking under the APA, and withdraw the rulemaking in R 2022-01.</p> <p><i>“Washington consumers appreciate the additional costs they pay for companies to comply with the proposed new regulation?”</i></p>	<p>The CR-101 does indicate real needs for consumer protections through insurer transparency based on consumer contacts, consumer complaint data, and industry responses. The available evidence demonstrates that insurers are not currently providing their policyholders with sufficient information or transparency on premium increases occurring at renewal. OIC has been experiencing an increasing trend in consumer complaints over the last three years on this topic. From January 2021 to February 2022 OIC received over 5,000 contacts, inquiries, and consumer complaints. This is unfair and deceptive, and prevents the consumer from making educated and informed decisions on their insurance policies at renewal.</p> <p>The statutory authority for this rulemaking includes: RCW 48.02.060, for the Commissioner’s general rulemaking authority to effectuate: RCW 48.01.030, RCW 48.18.180, RCW 48.18.2901, RCW 48.18.292, RCW 48.18.480, RCW 48.18.545, RCW 48.19.020, RCW 48.19.035, and RCW 48.30.010.</p> <p>The comment mentions a lack of clarity in the rule but does not articulate specific points of missed clarification.</p> <p>The Commissioner proposed the rule to improve transparency in insurance renewal transactions with policyholders while maintaining trade secrets, as well as proprietary and confidential information for insurers.</p> <p>The Commissioner appreciates the comment on the substantive compliance issues due to the complex and proprietary nature of underwriting, and will consider this in seeking consumer protections. The Commissioner hopes to design rules that achieve balance between providing transparency to consumers to make informed decisions and allowing companies to provide more information over time.</p> <p>The agency engaged in enhanced coordination with interested parties throughout this rulemaking.</p> <p>The commenter inquired into whether consumers will appreciate the additional costs they may pay to insurers, who elect to pass costs of compliance with the new rule to their policyholders. This is an individual decision made by each insurer to either have their company cover the costs of complying with a new rule, or to pass the costs of administrative compliance onto their consumers/policyholders.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>

<p>Property & Casualty insurers are committed to providing reliable, useful and accurate information to consumers about the policies and coverages they purchase. Contend CR-101 statements are unfounded.</p> <p>Current authorities already provide sufficient transparency, consumer protections, and administrative regulations. Including reference to the Adverse Action Notice in RCW 48.18.545(2).</p> <p>It is not the responsibility of consumers to determine if their rates are unfairly discriminatory or excessive, due to OIC regulation and rate filings for approval prior to use.</p> <p>Concerns for protected, proprietary, and confidential information with citations to the Uniform Trade Secrets Act RCW 19.108.010, the Public Records Act RCW 42.56.070, as well as WAC 284-03-03 and 284-24A-030.</p> <p>We are concerned with overwhelming policyholders with transparent information on insurance transactions, which will only further frustrate and confuse consumers, with the possibility of dramatically increasing costs for insurers that will further inflate premiums.</p> <p>NAIC and NCOIL efforts on transparency in insurance underwriting, would provide the consumer with information “... <i>they can use to make the right decisions about accessing the insurance coverage they need at reasonable and affordable rates.</i>”</p>	<p>Neither the adverse action notices, nor renewal notices, required of insurers under the Insurance Code, sufficiently disclose the totality of financial factors and underwriting decisions to consumers. These notices do not provide transparent and adequate information to allow consumers to understand their premium increases. The adverse action notices provide information that is limited in scope to insurance or credit scores, and does not address other factors that contribute to premium increases. The renewal notices only indicate the new premium amount.</p> <p>This rule does not move any of the Commissioner’s duty to review rate filings to consumers. This rule does empower individual consumers to demand the information they need from their insurer in order to fully understand the premiums they will be charged.</p> <p>The rule will be carefully drafted to avoid any express federal preemption, conflict with state authorities, and disclosure of the industry’s trade secrets or confidential and proprietary information. This will be exhibited in the draft rule scope of applicability and exemptions.</p> <p>The OIC has not received any notices from consumers or consumer advocacy groups that the information required by the rule will frustrate and confuse consumers.</p> <p>The Commissioner is aware of national models being produced by the National Association of Insurance Commissioners (NAIC), as well as the National Conference of Insurance Legislators (NCOIL), but declines to wait to adopt related rules in Washington.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Based on the CR-101 it is unclear what types of insurers will be included in the scope of the rules. The statutes cited broadly encompass most insurance entities (including health and disability insurers). Respectively recommend that the rule scope does not apply to a “health carrier” as defined in RCW 48.43.005(28). Health plans have many state and federal rating laws that already apply and provide greater transparency to their members than other types of insurance plans.</p> <p>Many types of health plans are already meeting the spirit and intent of the proposed rulemaking and could be harmed in adopting a one-size fit all approach to underwriting transparency across the entire insurance industry in Washington.</p>	<p>The agency anticipates this rule will only apply to auto and homeowner policies, and will not apply to insurers of health, disability, life, and long-term care. Health care services contractors and health maintenance organizations are also expected to be exempt.</p> <p>The agency made revisions to the draft rule based on this comment. The draft rule has been revised to exempt insurers of health, disability, life, and long-term care. Health care service contractors and health maintenance organizations have also been exempted from the draft rule.</p>
<p>First Prepublication Draft</p>	
<p>The rulemaking has a fatal flaw, because it leaves out vital parts of the OIC Mission and consumer protections for senior citizens with long-term care insurance. Too many residents of Washington are in harm’s way.</p> <p>LTCI insurers cannot continue to defraud or abuse their LTC Policyholders any longer. OIC must act. No more kicking-the-can or blaming other WA Agencies.</p>	<p>The OIC understands there are significant concerns about increases in long-term care insurance costs. The OIC is continually evaluating options for addressing the concerns of rising costs in the long-term care insurance market. However, this rule is not designed to limit or mitigate rising insurance costs, and is not intended to apply to all lines of insurance. This rule is specifically targeted to</p>

<p>OIC's Rulemaking documents disclose a narrow focus and lack of consideration for WA State interested party disclosures to obtain necessary and vital information. Transparency is lacking in the Rulemaking process itself. Does not seek consumer inputs.</p> <p>Other impacted State Agencies, DSHS and others were left out of the Rulemaking. This appears to have been done purposefully as shown in OIC Documents published.</p> <p>Letters provided for public record came only from Insurance Lobbyists.</p>	<p>P&C insurers, and specifically addresses transparency in annual renewals for those policies.</p> <p>The agency does not intend for this rule to apply to insurers of health, disability, life, and long-term care. Health care services contractors and health maintenance organizations are also expected to be exempt. This is the reason that other agencies, including DSHS, were not solicited for comments.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Twice in its CR-101 Preproposal Statement of Inquiry, the OIC asserts that "<i>consumers need access to complete information about their rates to determine if they are unfairly discriminatory or excessive, which are both prohibited under the Insurance Code.</i>" But the OIC failed to cite the regulatory authority authorizing consumers to enforce the Insurance Code. On the contrary, the RCW's quoted both grant enforcement to the Insurance Commissioner. It has never been consumers' responsibility to make such determinations, or enforce the Insurance Code in lieu of the OIC. As it is expressly the Insurance Commissioner's role to determine whether rates are unfairly discriminatory or excessive, it is the OIC which needs access to the information requested in the CR-101, to the extent it lacks access presently.</p> <p>Attempts to shift the Insurance Department's statutory responsibility for rate regulation onto consumers, "such as determining whether the statutory rate standards and prohibitions on discrimination are being met," are almost certain to fail.</p>	<p>This rule does not move any of the Commissioner's duty to review rate filings to consumers. This rule does empower individual consumers to demand the information they need from their insurer in order to fully understand the premiums they will be charged.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>As the OIC determines the types of insurance to include in scope for this rulemaking, we urge the OIC to remove health insurance and health carriers from the scope. Health insurance underwriting is already highly regulated at both the state and federal level.</p>	<p>The agency made revisions to the draft rule based on this comment. The draft rule has been revised in the scope and exemption sections to expressly exclude health insurers, as noted above.</p>
<p>A request that "health carriers," as defined in RCW 48.43.005(28) be excluded from the scope of this rulemaking. Health carriers are already subject to state and federal rating standards, which provide transparency to consumers and help them make informed decisions about their policies.</p>	<p>The agency made revisions to the draft rule based on this comment. The draft rule has been revised in the scope and exemption sections to expressly exclude health insurers, as noted above.</p>
<p>Please provide clarification on whether this rulemaking will impact all insurance underwriting or if it is specific to P&C, life and/or health insurance.</p>	<p>The agency anticipates this draft rule will only apply to auto and homeowner policies, and will not apply to insurers of health, disability, life, and long-term care. Health care services contractors and health maintenance organizations are also expected to be exempt.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Surplus line insurance under Chapter 48.15 RCW has not ever been subject to rate and form regulation (per Chapters 48.18 and 48.19 RCW) that apply to admitted insurance in Washington. It would be unwise to subject that well-functioning market to</p>	<p>The agency made revisions to the draft rule based on this comment. The draft rule has been revised to apply to authorized insurers only, as requested by this comment.</p>

<p>obligations to comply with regulatory requirements that may have the effect of discouraging participation and thus limiting the access in this State to that Surplus Line market's very substantial capacity and resources.</p>	
<p>The First Draft shows the rules apply to personal insurance policies as defined in RCW 48.18.545. This definition is limited to private passenger autos, homeowner coverage, dwelling property coverage, personal liability and theft coverage, personal inland marine coverage and mechanical breakdown coverage for personal auto or home appliances. The definition does not include professional medical liability. Requests clarifying statement in the rule to avoid any suggestion that professional medical liability coverage might be within the scope of the regulations.</p>	<p>The Commissioner believes the rule is sufficiently clear that expressly excluding medical liability insurance is unnecessary. Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Support for the draft rules, as they improve transparency, educate consumers on insurance (and how their premiums are affected), and help consumer determine what risk mitigation or other actions can be taken to reduce costs.</p> <p>Personal lines insurance is mandated by state law, making transparency essential in these transactions. Informs consumers on factors driving the insurance costs. Proxy discussion on rating and premiums.</p> <p>The notice timeline provides adequate time for a policyholder to have an opportunity to correct errors, take actions addressing factors causing increases, or shop around prior to the change becoming effective.</p> <p>Empowers consumers to lower their risk levels, creating savings through the insurance pool, and creating more effective shoppers (with a better understanding). Consumers should know the reasons for their auto insurance premium increases and decreases.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Request withdrawal of the rulemaking and recommend engaging in a cooperative process with the industry to identify opportunities to improve transparency for consumers. Industry trade representatives remain willing to work cooperatively on a cost-effective approach that will deliver more information that is useful to consumers while protecting proprietary information, supporting competition, and encouraging innovation.</p> <p>Proposed rule raises significant and fundamental legal issues – OIC justification for rulemaking is broad and unsubstantiated, and thus the agency does not have rulemaking authority.</p> <p>The Commissioner has authority and responsibility to assess compliance with Washington law. The Commissioner and not the consumer should be provided with transparent insurance information for premiums. Providing consumers with transparent underwriting information will not serve the public interest, due to the complexities of insurance and actuarial sciences.</p> <p>Insurers already provide significant amounts of public information to consumers and the rules will not actually best serve the</p>	<p>The agency engaged in enhanced coordination with interested parties throughout this rulemaking.</p> <p>The statutory authority for this rulemaking includes: RCW 48.02.060, for the Commissioner's general rulemaking authority to implement: RCW 48.01.030, RCW 48.18.180, RCW 48.18.2901, RCW 48.18.292, RCW 48.18.480, RCW 48.18.545, RCW 48.19.020, RCW 48.19.035, and RCW 48.30.010.</p> <p>This rule does not move any of the Commissioner's duty to review rate filings to consumers. This rule does empower individual consumers to demand the information they need from their insurer in order to fully understand the premiums they will be charged.</p> <p>The draft rule does not change any components of confidentiality, trade secrets, or proprietary information protected under current law.</p> <p>The agency has considered the time and infrastructure needed for insurers to implement the systems needed for compliance with the draft rule. The agency is aware that many insurers already send similar conditional renewal notices in other states. The agency has</p>

consumers. OIC also offers consumer education materials on P&C insurance/premiums.

The proposed rule implicates confidentiality concerns despite adding exemptions. The proposed rule would erode some confidential and proprietary information. This could impact competition negatively.

The proposed rule would impose significant cost and implementation challenges. References prior approval authorities in Washington, requiring more detailed filings than many other states.

The industry's ability to implement systems or technology to achieve compliance could take at least 12 months to program.

Requiring transparent information on 100% of the premium change, with consideration for the exemptions in the First Draft, is internally inconsistent. Consumers already receive similar information in the declarations page for insured initiated policy modifications.

The notice raises substantive compliance issue and is uniquely impractical. Mentions NAIC and NCOIL approaches to insurer transparency. Multi-variant rating is not susceptible of transparency rules. Examples in other states and costs of implementation can be a big impact to the industry. There are alternatives to explore, such as negotiated and pilot rulemaking.

Insurers are committed to providing reliable, useful and accurate information to consumers about the policies and coverages they purchase. Current authorities provide consumers with the information they need.

Potential negative outcomes, including: inability to achieve compliance, failure to help consumers, costs for implementation will be extraordinary (programming and technical requirements) and passed to consumers in the form of increased premiums, inability to compete with other insurers, and reducing pricing and product options for the consumer.

Two points: (1) actually providing useful info to consumer and (2) providing it in a cost-effective manner.

The need for regulations on transparency is unclear and the proposed rules are overly prescriptive and unnecessarily detailed, which could adversely impact the insurance marketplace, and further strain regulatory resources.

The proposed rules template requires information insurers may not have or cannot generate using their IT systems and rating programs.

Concern with the instructions on acceptable reasons and explanations for premium changes. It is nearly impossible to try and separate individual risk characteristics, grouped together for a risk tier.

also relied upon the responses provided to the industry survey on the draft rule to make informed decisions on the proper thresholds for compliance.

Agency, industry, and consumer data shows that only a certain segment of the policyholder population will request or require transparency in the renewal transactions, such as upon a premium increase of a certain percentage, or upon individualized and manual request by the policyholder.

The Commissioner is aware of national models being produced by the NAIC, as well as the NCOIL, but declines to wait to adopt related rules in Washington. OIC modeled the premium change transparency notice from the NAIC's Transparency and Readability of Consumer Information Working Group's final draft notice on insurer transparency. OIC also analyzed and tracked the NCOIL insurer underwriting transparency authority.

The agency made revisions to the draft rule based on this comment. The draft rule has been revised to ensure it will be effective no earlier than one year after agency adoption. The Commissioner also created a bifurcated communication standard in the draft rule that allows for phasing of the premium change transparency requirements to lessen impacts related to implementation and compliance. These efforts ensure that the industry will have at least 12 months from agency adoption for implementation.

Consumer contact information, consumer complaint data, and industry responses indicate that the need for transparency in insurance transactions, specifically at the time of renewal with premium increases, is critical to the policyholders of Washington. Currently consumer and agency expectations for insurer transparency at the time of policy renewal (with premium increases) are not sufficiently being met by the industry.

OIC employs substantial resources and subject matter experts in identifying, analyzing, and maintaining awareness of any unintended consequences of administrative regulations, or adverse impacts to the marketplace resulting from rulemaking, in alignment with the agency's mission and the APA.

OIC has considered whether insurer systems are capable of automation or manual processes for compliance and believes the provisions in the draft rule language allow opportunity for administrative compliance without placing undue burdens or obstacles on insurers.

RCW 48.30.010(2) authorizes the Commissioner from time to time, by regulation promulgated pursuant to Chapter 34.05 RCW, to define other methods of competition and other acts and practices in the conduct of such business reasonably found by the Commissioner to be unfair or deceptive after a review of all comments received during the notice and comment rule-making period. This rulemaking will not change any provisions in RCW 48.30.010.

<p>OIC has exceeded its regulatory authority in attempting to change statute (RCW 48.30.010).</p> <p>Clarifications requested generally throughout the draft rules.</p> <p>Revision requested for clarification to the phrase insurer modification.</p> <p>The agency should complete example notices for rulemaking.</p> <p>There is an alternative approach to rulemaking and the consumer could request transparency notices from their insurer.</p>	<p>The phrase insurer modification is no longer included in the rule language.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Forums for interested party meetings and feedback may be limited, where competition amongst companies can hinder engagement between the agency and industry.</p> <p>In order for the OIC to have a more thorough understanding of the challenges the proposed rules pose to insurers; it may be helpful for the OIC to schedule some meetings with insurers on an individual basis.</p> <p>The draft rule requirements do not appear to be mathematically feasible, due to the multiplicative rate order of calculation which multiplies together various factors to generate one rate. This makes it nearly impossible to isolate and attribute a dollar amount to individual components. Example provided (see written comment).</p>	<p>Nearly every example of a premium change breakdown produced by insurers to OIC demonstrates dollar, or estimated dollar, impacts. Insurer responses show that there are segments of the insurance industry that do not share the viewpoint that premium change transparency is not mathematically feasible. There are also current industry examples of premium change transparency being communicated correctly for the premium increases experienced by policyholders. If an insurance company is unable to show a dollar impact, then the draft rule allows for a percentage impact to be shown.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>The rule should only apply to authorized insurers and not surplus lines.</p>	<p>The agency made revisions to the draft rule based on this comment. The draft rule has been revised to apply to authorized insurers only, as requested by this comment.</p>
<p>Second Prepublication Draft</p>	
<p>Minor technical revisions to the definition of insurer, to ensure surplus lines insurers and insurance are not within the rule scope of applicability.</p>	<p>The agency made revisions to the draft rule based on this comment. The draft rule has been revised to apply to authorized insurers only, as requested by this comment.</p>
<p>Do the rules apply to mid-policy changes?</p>	<p>The agency made revisions to the draft rule based on this comment. The draft rule has been revised to apply only at the time of renewal and not at the time of new business or mid-policy changes initiated by the insured. An exemption has been added to the draft rule for policyholder-initiated changes.</p>
<p>OIC should implement premium change transparency rules asap.</p> <p>Change the threshold requiring a premium increase of 10% or more. 10% is too high, especially considering the high cost of critically important and often mandated insurance products. Example provided - Average auto insurance annual premium in WA is \$1,066.84 and for a two-vehicle family that suggests an annual premium around \$2,000. An increase here of \$199 could have a huge impact on some families, but they would not be entitled to the notice.</p> <p>Insurers should adopt automated systems and not manual for compliance. Foresee the same amount of work for 10% versus 5% and thus believes 10% is too high.</p> <p>A minimum change requirement equal to one dollar or more per month covered by the policy (i.e., 6 month, \$6, 12 month, \$12).</p>	<p>The agency's thorough, coordinated, and enterprise approach to the rule will determine the proper timing for agency adoption.</p> <p>The agency reached consensus on the 10% threshold by reviewing consumer contacts, complaints, agency reports, other states' conditional renewal notice authorities, and coordinating with insurance subject matter experts. The draft rule also allows policyholders to request premium change transparency upon experiencing any premium increase.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>

Requesting withdrawal of the rulemaking and instead, a more collaborative/cooperative process with the industry.

The proposed rule raises significant and fundamental legal issues.

The OIC has authority under RCW 48.02.060 to conduct investigations to determine violations of Insurance Code, but this rulemaking does not derive from such investigation.

Cites RCW 48.02.060 and this does not allow OIC to skip investigations.

Consumer complaints/contacts on transparency are unsubstantiated, and OIC failed to explain how transparency will benefit policyholders, over the regulatory burden for the industry.

RCW 48.30.010(3)(b) requires the Commissioner to include a detailed description of facts upon which he or she relied upon in defining the unfair or deceptive practice.

The Commissioner already has authority and responsibility to assess compliance with WA Law (RCW 48.02.060 and 48.19.020). Heightened regulatory burden with 2nd Draft.

Acknowledge concession in 10% premium increase, but believe it is undone in allowing notices "... upon request by the policyholder."

Providing consumers with more helpful transparent information than included in the draft rules.

The proposed rule implicates confidentiality concerns despite added exemptions.

Providing information produced through exempt sources could attack proprietary and confidential information. This may disfavor competition and operate contrary to the Trade Secrets Act.

The proposed rule would impose significant costs and implementation challenges, due to prior approval requirements, deconstructing underwriting algorithms, increased costs for implementation, time needed for programming, inconsistencies with base rate changes approved by the Commissioner, and the rule is unnecessary because consumers already receive declaration pages.

The notice raises substantive compliance issues and is uniquely impractical. The scope is unclear for PPA, whether rate capping of 10% will apply, and this approach is inconsistent with NCOIL/NAIC/Other States. Use changes in risk/coverage, or change in rates as more general communication standards.

The agency engaged in enhanced coordination with interested parties throughout the rulemaking process, including opportunities for prepublication drafts, interested party meetings, and multiple-week written comment forums.

The OIC's rulemaking authority under RCW 48.02.060(3), and RCW 48.30.010 does not require formal investigations prior to conducting rulemaking.

OIC is including in the Concise Explanatory Statement, a detailed description of facts and evidence that were relied upon in defining a lack of insurer transparency for policyholder premium increases as a deceptive and unfair trade practice, in alignment with RCW 48.30.010(3)(b). OIC will also include a detailed statement supporting this rulemaking in the rule language per RCW 48.30.010(3)(a). See Section 2 of this Concise Explanatory Statement for additional information (page 3).

This rulemaking is authorized under the Insurance Commissioner's general rulemaking authority and is substantiated based on the consumer complaints the OIC has received, particularly in the last three years concerning the premium increase notices. This rulemaking follows data-driven decisions, based on consumer contacts and complaints to OIC for a lack of insurer transparency on personal lines of P&C policies with premium increases at renewal.

The OIC followed protocol from the Washington State Governor's Office of Regulatory Innovation and Assistance in considering the regulation's impacts, and surveyed the private sector on their costs to implement and maintain compliance with the rule. The results of the agency's work are captured in the Cost-Benefit Analysis and Small Business Economic Impact Statement.

The draft rule also protects maintaining trade secrets, as well as proprietary and confidential information for insurers.

The benefits of increased consumer protections achieved through insurer transparency on premium increases occurring at renewal, as well as the avoidance of unfair and deceptive business practices, while upholding the public interest of the business of insurance, outweigh the identified impacts, including those of a financial and administrative nature. This rule will lead to better educated insurance consumers, who can make informed decisions on their insurance policies, coverages and prices at renewal, and who will also gain valuable information to assist in the mitigation of insurance risks and costs. With more transparent information, consumers can make better decisions when considering whether to renew, or whether to search elsewhere for insurance, improving competition.

The Commissioner is aware of national models being produced by the NAIC, as well as the NCOIL, but declines to wait to adopt related rules in Washington.

	Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.
<p>The current state provides sufficient premium change transparency to policyholders.</p> <p>There is importance in providing necessary and understandable information that is helpful to consumers.</p> <p>Insurers have an inability to produce granular data on policyholders, implementation will be costly/passed to consumer, can impact functioning of Washington markets, and consumers are not regulatory actuaries.</p> <p><u><i>“Insurers must use the Premium Change Notice provided in this chapter to notify policyholders of a premium increase of ten percent or more upon written request by the policyholder.”</i></u></p> <p>Insurers need more discretion than rules offer.</p> <p>Timing is unworkable, insurers need 45 days for response and notice, due to being upon request.</p> <p>Example transparency notices should be completed/offered by OIC for implementation.</p> <p>Premium Change Notice form display only premium changes for all coverages combined.</p> <p>Confusion on rate capping provisions.</p> <p>Benefits of individual rating characteristics versus insurance company filed rate changes.</p> <p>Applying the Unfair Trade Practices Act may affect insurer due process. OIC should provide insurers with 45 days to resolve.</p> <p>WAC 284-30A-060(2) should be removed for being unnecessary, confusing and overly broad.</p> <p>Clarify the scope of coverage for PPA as drafted. There are competing definitions with statutory annual statement definition, SERFF type of insurance definitions, and contract definitions.</p> <p>Clarify the scope of applicability for renewals and mid-term changes.</p> <p>Why has OIC not allowed the grouping of variables, as this may be an easier approach.</p> <p>Please clarify the information to be included in the notice, such as compound rating variables involving numerous premium factors (i.e., 10 -20).</p> <p>Two suggestions for WAC 284-30A-020 (Scope): (1) An exemption for changes to base rates affecting everyone (i.e., altered terms); and (2) Requests OIC only require elements that had more than a certain impact percentage on the entire increase. For example, insurers need to only provide a list of the variables that resulted in changes over 10%.</p>	<p>OIC does not believe the current state of transparency in insurance transactions with Washington policyholders is sufficient, as demonstrated by consumer contacts, consumer complaints, and industry responses.</p> <p>OIC believes the information required in the Premium Change Notice, when paired with the insurer communication standards, will provide policyholders with an adequate education to make informed decisions on their insurance policies at renewal.</p> <p>The agency made the following revisions to the draft rule based on this comment:</p> <p>The draft rule has been revised to apply only at the time of renewal and not at the time of new business or mid-policy changes initiated by the insured. An exemption has been added to the draft rule for policyholder-initiated changes.</p> <p>The draft rule has been revised in the timeline for industry response to policyholder requests for premium change transparency. This timeline has been revised from being calculated from the date of the request, to instead be calculated from the date of the insurer’s receipt of the request, to provide insurers with additional time and ease impacts associated with compliance.</p> <p>The draft rule has been revised to incorporate clarifications in the scope and rate capping provisions.</p> <p>The draft rule has been revised to allow the use of composite rating variables in premium change transparency. Insurer communication of composite rating variables will be held to the same communication standards as all other premium change transparency.</p>
Third Prepublication Draft	

<p>We support this rulemaking and increased insurer transparency. A 10% threshold triggering notices is too high. There are consumer protection concerns with the rule's delayed timeline (i.e., 2027). Request full rule by 2024. We support the rule disclaimer. The communication standard is appropriate, but additional demographic factors can be included in the rule.</p>	<p>Here, the agency balanced its mission, data driven decisions, and consumer protections with industry impacts to administer and process premium change transparency. Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p><i>WAC 284-30A-020(2) references "Private passenger automobile coverage", "Homeowner's coverage, including . . ." and "Dwelling property coverage." To enhance clarity, we suggest that you consider defining these types of insurance more explicitly.</i></p>	<p>The agency made revisions to the draft rule based on this comment. The draft rule has been revised to enhance clarity in these sections (i.e., scope and definitions). This chapter of draft regulations will apply to authorized insurers with the following types of personal insurance: private passenger automobile coverage; and homeowner's coverage, including mobile homeowners, manufactured homeowners, condominium owners, and renter's coverage. This draft rulemaking follows data-driven decisions, based on consumer contacts and complaints to OIC for a lack of insurer transparency on certain personal lines of P&C policies at renewal.</p>
<p>Requesting the agency to withdraw this rulemaking. Even as amended the rule fails to be sufficiently justified. The Commissioner, and not consumers, is responsible for determine whether rates are adequate, not excessive, and not unfairly discriminatory. Significant programming and implementation challenges for insurers, large and small. The 10% premium increase threshold is too broad and will cause industry impacts. It will be better to provide information that is helpful to average consumer and not information indicating actuarial analysis or underwriting knowledge. Confidential and proprietary information will be compromised. The rule will impact insurer costs, where insurers will pass these increased costs of compliance onto policyholders in the form of increased premiums. The rule is unnecessary because consumers currently receive sufficient transparency. The notice raises substantive compliance issues and is uniquely impractical. National efforts will work better, such as NAIC or NCOIL. There are difficulties of transparency with multivariate multi-function algorithms in underwriting. Requesting limiting scope, removing penalties, achieving clarity, removing itemization, increasing thresholds, and striving to a more realistic/practical program.</p>	<p>OIC is including in the Concise Explanatory Statement, a detailed description of facts and evidence that were relied upon in defining a lack of insurer transparency for policyholder premium increases as a deceptive and unfair trade practice, in alignment with RCW 48.30.010(3)(b). OIC will also include a detailed statement supporting this rulemaking in the rule language per RCW 48.30.010(3)(a). See Section 2 of this Concise Explanatory Statement for additional information (page 3). This rule does not move any of the Commissioner's duty to review rate filings to consumers. This rule does empower individual consumers to demand the information they need from their insurer in order to fully understand the premiums they will be charged. The agency reached consensus on the 10% threshold by reviewing consumer contacts, complaints, agency reports, other states' conditional renewal notice authorities, and coordinating with insurance subject matter experts. The draft rule also protects maintaining trade secrets, as well as proprietary and confidential information for insurers. The OIC followed protocol from the Washington State Governor's Office of Regulatory Innovation and Assistance in considering the regulation's impacts, and surveyed the private sector on their costs to implement and maintain compliance with the rule. The results of the agency's work are captured in the Cost-Benefit Analysis and Small Business Economic Impact Statement. The benefits of increased consumer protections achieved through insurer transparency on premium increases occurring at renewal, as well as the avoidance of unfair and deceptive business practices, while upholding the public interest of the business of</p>

	<p>insurance, outweigh the identified impacts, including those of a financial and administrative nature.</p> <p>Requiring insurers to provide premium change transparency to their insurance consumers, disclosing the increases in a consumer's insurance costs at renewal and the reasons causing increased policyholder premiums, will promote honesty and fairness in these insurance transactions, and upholds the public interest in the business of insurance.</p> <p>The Commissioner is aware of national models being produced by the NAIC, as well as the NCOIL, but declines to wait to adopt related rules in Washington.</p> <p>The Commissioner will carefully consider the commenter's requests on limiting rule scope, removing penalties, achieving clarity, removing itemization, increasing thresholds, and striving to a more realistic/practical program.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Insurers are dedicated to providing transparent insurance information to their policyholders.</p> <p>The agency made good amendments to the rule, but the industry will face difficulties with implementation and compliance, due to the threshold and communication standard in the rule.</p> <p>Limit the scope and breadth of the rule.</p> <p>OIC should establish a single, realistic implementation date.</p> <p>Use enforcement mechanisms other than exposure to violations under Ch. 48.30 RCW.</p> <p>OIC should consider the ongoing national discussions around transparency and disclosure in this rulemaking. Requests OIC convene a working group of insurers, producers, OIC staff and interested parties to research what information is actually wanted by and useful for policyholders, and redesign the draft proposed rule to better reflect consumers' needs.</p> <p>OIC should not include premium capping in the rule scope.</p> <p>Additional time is needed to respond to consumer premium change transparency requests, and to provide premium change transparency (i.e., 20 calendar vs 30 business days).</p> <p>Please provide clarity on the following: affected policies, premium change, estimated dollars, translation services, premium change notice contents, premium change notice disclaimer, telematics exemption, instructions, and generally notice contents.</p>	<p>The scope of the draft rule has been determined by the OIC through data driven decisions.</p> <p>The OIC researched current industry premium change transparency capabilities, industry survey response data, and other states' conditional renewal notice authorities to establish an appropriate effective date.</p> <p>OIC believes the rulemaking authority provided in Chapter 48.30 RCW is appropriate for the premium change transparency rule.</p> <p>The Commissioner is aware of national models being produced by the NAIC, as well as the NCOIL, but declines to wait to adopt related rules in Washington.</p> <p>The agency assesses premium change transparency as a time-sensitive issue for Washingtonians and necessary for immediate insurance consumer protections.</p> <p>The Commissioner will carefully consider the commenter's requests on providing clarity for affected policies, premium change, estimated dollars, translation services, premium change notice contents, premium change notice disclaimers, telematics exemption, instructions, and generally notice contents.</p> <p>The agency made revisions to the draft rule based on this comment. The draft rule's timeline for industry response to policyholder requests for premium change transparency has been revised from being calculated from the date of the request, to instead be calculated from the date of the insurer's receipt of the request, to provide insurers with additional time and ease impacts associated with implementation, as well as compliance.</p>
<p>Fourth Prepublication Draft</p>	

<p>There are consumer protection issues with the delays in rulemaking and weakening the regulatory requirements. The timeline of waiting until 2027 for a detail explanation on premium changes at renewal is too long for consumers to wait.</p> <p>Consumers need to be provided with a detailed explanation of their premium increase.</p> <p>The 10% threshold triggering the notice requirement may be too high. Revising the threshold to apply to all premium increases, or at least, any increase of \$30 or more for six-month policies or \$60 or more for 12-month policies will work better for consumer protections.</p> <p>We support the prominent disclaimer and providing information that is understandable to an average policyholder.</p> <p>We have issues with insurers not listing primary factors in descending order of impact. This can help consumers understand their premium increases.</p>	<p>OIC must adhere to the agency's mission, which is to protect consumers, the public interest, and our state's economy through fair and efficient regulation of the insurance industry. This requires balancing the consumer protections to be achieved with the industry impacts.</p> <p>The agency reached consensus on the 10% threshold by reviewing consumer contacts, complaints, agency reports, other states' conditional renewal notice authorities, and coordinating with insurance subject matter experts. The draft rule also allows policyholders to request premium change transparency upon experiencing any premium increase.</p> <p>Here, the agency balanced consumer protections with industry impacts to administer and process premium change transparency.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Requesting additional transparency beyond the levels achieved by the proposed rule. Requesting itemization and transparency for every factor causing premium increases.</p>	<p>OIC must adhere to the agency's mission, which is to protect consumers, the public interest, and our state's economy through fair and efficient regulation of the insurance industry. This requires balancing the consumer protections to be achieved with the industry impacts.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>OIC should withdraw this rulemaking due to it being "... <i>fatally flawed on legal, technical, efficiency, and other grounds and has the potential to create, rather than combat, consumer confusion.</i>"</p> <p>The rule raises significant and fundamental legal issues. Is general rulemaking authority under RCW 48.02.060 appropriate and do consumer complaints substantiate this rulemaking. Is RCW 48.30.010 appropriate for this rulemaking, as the industry has not seen the substantiating consumer contacts and complaints.</p> <p>The Commissioner has authority to ensure premium rates are adequate, not excessive, and not unfairly discriminatory per [RCW 48.19.020].</p> <p>There are significant programming and implementation challenges related to deconstructing sophisticated multi-variate rating models to provide premium change transparency.</p> <p>The threshold for premium change transparency being set at 10% is too broad and creates compliance burdens.</p> <p>The premium change notice can cause confusion to policyholders who currently receive sufficient transparency. Policyholders who do not want the premium change transparency may see it as additional paperwork and not as a tool to improve transparency.</p> <p>The proposed rule will negatively impact insurer confidentiality and proprietary information.</p>	<p>OIC is including in the Concise Explanatory Statement, a detailed description of facts and evidence that were relied upon in defining a lack of insurer transparency for policyholder premium increases as a deceptive and unfair trade practice, in alignment with RCW 48.30.010(3)(b). OIC will also include a detailed statement supporting this rulemaking in the rule language per RCW 48.30.010(3)(a). See Section 2 of this Concise Explanatory Statement for additional information (page 3).</p> <p>Numerous consumer complaints and industry responses provided to the OIC indicate that insurers have engaged in unfair and deceptive practices in renewal transactions by failing to provide premium change transparency. This rulemaking follows data-driven decisions, based on consumer contacts and complaints to OIC for a lack of insurer transparency with premium increases occurring on personal lines of P&C policies at renewal. OIC believes the rulemaking authorities provided in RCW 48.02.060 and Chapter 48.30 RCW are appropriate for the premium change transparency rule.</p> <p>This rule does not move any of the Commissioner's duty to review rate filings to consumers. This rule does empower individual consumers to demand the information they need from their insurer in order to fully understand the premiums they will be charged.</p> <p>Requiring insurers to provide premium change transparency to their insurance consumers, disclosing the increases in a</p>

<p>The transparency rule will cause significant costs and implementation challenges. The programming can take up to 12 months or longer.</p> <p>OIC should wait/follow national efforts on this topic (i.e., NCOIL/NAIC).</p> <p>There are concerns with: the accuracy and compliance in financial analysis/transparency (due to underwriting algorithms), communication standards are problematic (in part due to controllability indicators/variables), proof of mailing is burdensome, translation services (being costly and not elsewhere in insurance), font standards, vehicle definitions (needing clarity), and timelines.</p> <p>The Commissioner should engage in the negotiated rulemaking process.</p>	<p>consumer's insurance costs at renewal and the reasons causing increased policyholder premiums, will promote honesty and fairness in these insurance transactions, and upholds the public interest in the business of insurance.</p> <p>The agency made revisions to the draft rule based on this comment. The draft rule has been revised to be effective no earlier than one year after agency adoption. The Commissioner also created a bifurcated communication standard in the draft rule that allows for phasing of the premium change transparency requirements to lessen the immediate impacts related to implementation and compliance. These efforts ensure that the industry will have at least 12 months from agency adoption and prior to the draft rule effective date for implementation.</p> <p>The agency made revisions to the draft rule based on this comment. The draft rule has also been revised to remove proof of mailing and language translation service requirements.</p>
<p>The rule is misguided (favoring technical details over helpful information for the consumer). The rules may impose burdens on consumers rather than inform them.</p> <p>Rules can expose insurers' proprietary rating information to competitors.</p> <p>The cost of insurer compliance will be significant and paid by consumers.</p> <p>Requesting withdrawal of rulemaking and replacement with a negotiated rulemaking process.</p> <p>Acknowledging improvements made between drafts, including scope, timelines, and notice contents. However, Programming/IT challenges are not reduced enough and rules need clarification.</p> <p>Reasonable and sufficient are ambiguous and need defined/clarified further.</p> <p>Policyholder-initiated changes should be removed from consideration in premium change transparency.</p> <p>Condo and renter insurance should also be exempt.</p> <p>Insurers should have a safe harbor, due to WAC 284-30A-030(6)(b)(i).</p> <p>4th Draft is still extremely broad, posing significant challenges burdening insurers and producers (requests narrowing scope of premium impact factors).</p> <p>The rules are inconsistent with other states' approaches to premium change transparency.</p> <p>The 4th Draft does not reflect the work done by NAIC and NCOIL on this topic.</p> <p>Any premium increase at renewal is too broad for the first phase threshold triggering the notice requirement.</p> <p>Revise the 10% threshold, such as inflation to be removed.</p>	<p>The agency critically examined numerous options for the threshold requiring a notice to be sent. This is a data-driven decision where OIC believes the best consumer protections can be achieved.</p> <p>The agency believes that the consumer protections offered by the premium change transparency draft rule should be afforded to all types of residential properties. This includes consumer protections for not only homeowners, but also renters, condominium owners, and manufactured homeowners.</p> <p>The OIC followed protocol from the Washington State Governor's Office of Regulatory Innovation and Assistance in considering the regulation's impacts, and surveyed the private sector on their costs to implement and maintain compliance with the rule. The results of the agency's work are captured in the Cost-Benefit Analysis and Small Business Economic Impact Statement. The agency determined the benefits of the draft rule outweigh the identified impacts.</p> <p>The agency made revisions to the draft rule based on this comment. The draft rule has been revised based on this comment as follows: The draft rule has been revised to remove the language requiring insurers to provide sufficient communication to allow a policyholder to calculate their premiums resulting from a change in rate or rating factors. This clarifies the communication standard and reduces the related impacts for industry.</p> <p>The draft rule has been revised to provide an exemption for policyholder-initiated changes.</p> <p>The draft rule has been revised in the timeline for industry response to policyholder requests for premium change transparency. This timeline has been revised from being based on the date of the request, to instead be calculated from the date of the insurer's receipt of the request, to provide insurers with additional time and ease impacts associated with implementation and compliance.</p>

<p>Business days should be used for the timelines rather than calendar days. Additional time is needed for insurer follow-up responses.</p> <p>Removal the disclaimer requirement from billing statements and declaration pages.</p> <p>Please add clarification for defined terms, such as sufficient information, credit history, rate capping, and composite rating variables.</p> <p>The rule should apply to the top 5 factors, instead of demographic factors listed as primary factors.</p> <p>Translation services should not be required for compliance.</p>	<p>The draft rule has been revised to remove the disclaimer requirement for declaration pages.</p> <p>The draft rule's language translation requirement has been removed.</p>
<p>CR-102</p>	
<p><i>"Explanations should include the weighted percentage of premium increases that each primary factor has caused."</i></p>	<p>The agency established this rule's communication standard through careful consideration of other states' condition renewal notice requirements, awareness to the agency's mission, national efforts, and the current state of consumer protections.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We are in support of the rule. While the rule could be stronger, it is an important first step.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Currently insurers have no legal obligation to disclose and explain specific rating factors causing premium increases. This leaves consumers uninformed, uneducated, and unable to reduce their premium costs and mitigate insurance risks, with potential to suffer unfair treatment.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We support the agency's rulemaking process and rule disclaimer (which will help educate consumers).</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We are supportive of the primary factors and request to expand factors to include consumers' home ownership status and their history of prior insurance coverage.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>The 10% threshold for automatic notifications is too high and there should be automated premium change transparency notices for all premium increases.</p>	<p>The agency strategically selected the 10% threshold after careful consideration of OIC's mission, other states' conditional renewal requirements, national efforts on insurer transparency, and industry feedback.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>The rule may only impose minor costs on insurers and that insurers can easily handle the minor costs.</p>	<p>The agency carefully examined the costs and impacts of the rule, as required by the agency's mission and the APA. The results of the agency's work are captured in the Cost-Benefit Analysis and Small Business Economic Impact Statement. The agency determined the benefits of the draft rule outweigh the identified impacts. The rule timeline is reflective of the costs to insurers to implement these changes and is informed by the industry survey</p>

	<p>processed for this rulemaking. This is shown in the phased approach to the notice thresholds and communication standards. Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Agency adoption should occur in a speedy manner and without delay.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>National authorities will be extremely time-consuming, cumbersome, and without any legal force requiring states to adopt.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We commend the rule's limited scope of applicability, bifurcated threshold, extended insurer response timeline, and specific exemptions. We request the timeline for insurer responses to be extended from 20 calendar days to 20 business days.</p>	<p>The agency set the timeline at 20 calendar days in part to align with the provisions in WAC 284-30-590, as well as RCW 48.18.2901, and believes this timeframe will work well to provide the consumer protections of premium change transparency. Here, the agency balanced consumer protections with industry impacts to administer and process premium change transparency.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We question whether phase one and phase two are truly necessary or wanted by consumers. We are concerned that these phases will cause costs to insurers to comply, focusing on excessive costs required for phase two, due to actuarial complexities. Costs will be increased for insurers, due to rules being specific to the state.</p>	<p>The agency believes this level of transparency is necessary to ensure Washington consumers have the information they need to make educated and informed decisions on their insurance needs. The phased approach to the regulations eases administrative burdens on the industry associated with implementation and compliance. The first phase is closer to the current state, where insurers can provide reasonable explanations in response to requests for premium change transparency.</p> <p>The second phase develops into a heightened system of transparency, requiring automated notices upon premium increases of 10% or more and primary factors, which will overcome having to educate and inform consumers about their rights under the rule. The second phase will be distributed to more consumers than only those who are aware of their rights under the rule in the first phase. This will produce a population of more informed insurance consumers, as well as more transparent and accountable insurers in the second phase.</p> <p>The results of the agency's work are captured in the Cost-Benefit Analysis and Small Business Economic Impact Statement. The agency determined the benefits of the draft rule outweigh the identified impacts. Please see pages 3 – 19 of the Cost-Benefit Analysis for additional information on the benefits and impacts of this rule.</p> <p>Agency data indicates that administrative inefficiencies will be eliminated for all affected parties without the need for a consumer complaint to be processed to achieve premium change transparency.</p>

	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Phase two is inconsistent with approaches taken by other states. For insurers operating in multiple states, compliance with this rule in Washington may cost tens of millions of dollars.</p>	<p>The agency created this rule through careful consideration of other states' condition renewal notice requirements, awareness to the agency's mission, national efforts on insurer transparency, as well as the current state of consumer protections and marketplace experiences. The benefits of the rule greatly outweigh the costs. Some benefits of the premium change transparency rule include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Increased consumer protections achieved through insurer transparency on premium increases occurring at renewal (educating and informing policyholders); • Avoidance of unfair and deceptive business practices; and • Upholding the public interest of the business of insurance. <p>The results of the agency's evaluation of the costs of implementation are captured in the Cost-Benefit Analysis and Small Business Economic Impact Statement. The agency determined the benefits of the draft rule outweigh the identified impacts. The results of the agency's work are captured in the Cost-Benefit Analysis and Small Business Economic Impact Statement. Please see pages 3 – 19 of the Cost-Benefit Analysis for additional information on the benefits and impacts of this rule.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>The rules ask for information that is highly detailed, policy and factor specific, which is of no use to the consumer, can be ignored by the consumer, and may lead to more confusion, frustration, and inquiries.</p>	<p>Consumer requests for premium change transparency and industry responses show that consumers are genuinely interested in acquiring this type of detailed information on their premium increases. The agency has observed consumers making repeated written requests, agency contacts, and complaints to obtain premium change transparency of this nature. This information can be used to educate consumers on their insurance risks, costs, and premium rating factors, which then can be used to make informed decisions in their insurance transactions.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>The small business economic impact statement dramatically underestimates the cost impact in both phases of the rule. There are potentially costs of \$15,000 per year per agency, and phase two may require hiring staff at a cost of \$45,000 to \$50,000 per year.</p>	<p>The OIC followed protocol from the Washington State Governor's Office of Regulatory Innovation and Assistance in considering the regulation's impacts, and surveyed the private sector on their costs to implement and maintain compliance with the rule. The results of the agency's work are captured in the Cost-Benefit Analysis and Small Business Economic Impact Statement. The agency determined the benefits of the draft rule outweigh the identified impacts, based on the information available to the OIC.</p>

	Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.
The agency should produce an FAQ document to clarify what information must be included in a reasonable explanation.	Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.
Specific recommendation to limit premium change transparency only to those policyholders receiving a 10% premium increase and making a request in writing.	Here, the agency balanced consumer protections with industry impacts to administer and process premium change transparency. Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.
Revise the exemption of confidential, proprietary, and trade secret information, striking the section stating insurers may need to provide information produced through these sources.	The Commissioner designed the rule to improve transparency in insurance renewal transactions with policyholders while maintaining trade secrets, as well as proprietary and confidential information for insurers. Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.
Revise the communication standard to only require disclosure of the significant factors causing premium increases.	The primary factors provide policyholders with sufficient information on their premium increases, as well as education on the reasons for changes in rates and rating factors. Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.
Include a good faith safe harbor for insurers attempting compliance.	The Commissioner considered industry feedback on the potential inclusion of a good faith safe harbor provision. Ultimately, the Commissioner decided the rule will not contain a good faith safe harbor provision, due to conflicts in current law. However, to decrease the impacts of the rule the Commissioner has sought to ease impacts to insurers in other areas. This is exhibited in the phased rule approach, time buffer for compliance and implementation of each phase, and developing thresholds and communication standards. Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.
The agency should take an alternative approach, such as only adopting the phase one regulations, and determining whether phase two is necessary using experienced gained from phase one.	Under the current state, consumers have been required to make repeated requests to insurers and the agency to receive detailed information about their premium increases. This often requires additional agency involvement to resolve the matter. The phase two approach is designed to get more useful information to the consumer in a more convenient manner, and requires the industry to automatically provide sufficient premium change transparency information directly to their consumers upon certain conditions. This will prevent consumers having to make multiple requests to the agency to acquire transparent information on premium increases from their insurers.

	Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.
The regulation presents an improvement to prior versions, but is still concerning as the rule exceeds OIC's statutory authority, creates costs, and fails to fully comply with the Washington Administrative Procedure Act.	Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.
The OIC has not sufficiently demonstrated the rules are necessary, nor has OIC demonstrated that the rule is the least costly effective alternative to address the purported lack of transparency by insurers to policyholders. Insurers are sufficiently transparent, rates/rules are filed and subject to public scrutiny, and OIC offers resources to help consumers. The rule should show the reasons and detailed descriptions for premium change transparency.	<p>OIC is including in the Concise Explanatory Statement, a detailed description of facts and evidence that were relied upon in defining a lack of insurer transparency for policyholder premium increases as a deceptive and unfair trade practice, in alignment with RCW 48.30.010(3)(b). OIC will also include a detailed statement supporting this rulemaking in the final rule language per RCW 48.30.010(3)(a). See Section 2 of this Concise Explanatory Statement for additional information (page 3).</p> <p>The results of the agency's work concerning the cost of this rule are captured in the Cost-Benefit Analysis and Small Business Economic Impact Statement. The agency determined the benefits of the draft rule outweigh the identified impacts.</p> <p>This rulemaking follows data-driven decisions, based on consumer contacts and complaints to OIC for a lack of insurer transparency on personal lines of P&C policies with premium increases at renewal. The rule has been drafted to be the least burdensome administrative regulation that will achieve increased transparency on premium increases with policyholders on personal lines of P&C policies at renewal.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
This rulemaking has fundamental legal issues, citing RCW 48.02.060 and the OIC cannot skip investigations.	<p>The OIC's rulemaking authority under RCW 48.02.060(3), and RCW 48.30.010 do not require formal investigations prior to conducting rulemaking.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<i>"Should the final regulation revert to prior drafts in any material respect, especially by reincorporating any requirements to provide the specific dollar or percentage impact of each rating factor, then we hereby adopt our previously expressed objections and incorporate them by reference in these comments."</i>	Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.
The agency should only adopt phase one requirements, until it is necessary to adopt phase two.	Under the current state, consumers have been required to make repeated requests to insurers and the agency to receive detailed information about their premium increases. This often requires additional agency involvement to resolve the matter. The phase two approach is designed to get more useful information to the consumer in a more convenient manner, and requires the industry to automatically provide sufficient premium change transparency information directly to their consumers upon certain conditions. This

	<p>will prevent consumers from having to make multiple requests to the agency to acquire transparent information on premium increases from their insurers. Automation also removes the barrier to information for consumers who want convenient access.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
Please clarify the requirements of reasonable explanation, average policyholder, and sufficient information.	Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.
Please broaden consideration of exemptions for other unique vehicle types otherwise approved by the Commissioner. Examples provided.	Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.
Please clarify whether insurers need to file the premium change transparency disclaimer, or how the agency will assess compliance.	<p>Under the rule, the only insurer filing requirement is that an insurer file their premium change notice. The insurer disclaimer must be included on renewal billing statements and declaration pages. The rule requires insurer records to be retained and made accessible to the Commissioner during the retention period, which will aid in assessing compliance.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
Please remove optional language translation service provisions.	The agency made revisions to the draft rule based on this comment. The draft rule has also been revised to remove language translation service requirements. The rule does not require translation services for premium change transparency, but allows the option of translation services, which must be conducted in compliance with the Insurance Code.
Please clarify whether WAC 284-30A-080, and the percentage or dollar change occurring to the policyholder premium, applies to the overall premium or to each particular reason.	<p>Under the rule, insurers have discretion on whether to communicate the premium increases in their premium change transparency through either dollar, percentages, or paragraph form. This communication standard applies to the factors, rates, and reasons for the premium increase. Each factor or reason contributing to the premium increase must be reasonably explained.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
Public Hearing	
<p>We extend collective appreciation for the rulemaking process, where the agency offered multiple opportunities for interested party participation and took necessary efforts to improve to the rule over the course of a year.</p> <p>We acknowledge the good faith changes made by the agency to the proposed rule based on feedback received through prepublication drafts, interested party meetings, and coordination with the industry. Examples include the provisions on policyholder-initiated changes and umbrella policies, as well as the bifurcated</p>	Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.

<p>and phased approach of the rule. We commend the agency for allowing insurers to include composite rating variables. We also appreciate the more generic insurer notices in the first phase that do not require filing with the agency, which can be costly and time consuming.</p>	
<p>We highlight the need for the rule to result in insurers providing helpful, useful, and actionable information to consumers, and not providing excessive, confusing, or frustrating information, which will likely lead to more insurance inquiries to insurers and the agency.</p>	<p>The rule has been designed for insurers to provide reasonable explanations, in terms that are understandable to an average policyholder, with sufficient information to enable consumers to figure out the basic nature of their premium increases.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We request that the agency comply with the rulemaking authorities in the Administrative Procedure Act (Chapter 34.05 RCW), including RCW 34.05.328 and in particular, RCW 34.05.328(1)(d) and 34.05.328(1)(e). The rulemaking authorities require the agency to consider quantitative and qualitative information, to determine the probable benefits of the rule outweigh the probable costs, and the specific directives of the statute(s) being implemented for significant legislative rules. We emphasize the second phase requirements for primary factors and automated notices.</p>	<p>The agency has complied with the APA.</p> <p>OIC employs substantial resources and subject matter experts in identifying, analyzing, and maintaining awareness of any unintended consequences of administrative regulations, or adverse impacts to the marketplace resulting from rules, in alignment with the agency's mission and the APA.</p> <p>The OIC critically assessed impacts to all affected parties for this rulemaking. In this process, the OIC reviewed impacts across many arenas, including but not limited to: financial impacts, resource requirements, staffing, and time expenditures, for the public and private sectors prior to adopting the final regulations. The OIC followed protocol from the Washington State Governor's Office of Regulatory Innovation and Assistance in considering the regulation's impacts, and surveyed the private sector on their costs to implement and maintain compliance with the rule. The results of the agency's work are captured in the Cost-Benefit Analysis and Small Business Economic Impact Statement. Please see pages 3 – 19 of the Cost-Benefit Analysis for additional information on the benefits and impacts of this rule.</p> <p>The benefits of increased consumer protections achieved through insurer transparency on premium increases occurring at renewal, as well as the avoidance of unfair and deceptive business practices, while upholding the public interest of the business of insurance, outweigh the identified impacts, including those of a financial and administrative nature.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>The rule will cause costs to the insurers, which are ultimately costs to their policyholders. This rule will burden insurers and their insureds with increased policy costs, which is concerning during a historic time of inflation in America. The rule will financially impact insurance companies, who may pass these financial impacts onto their consumers in the form of higher premiums.</p>	<p>The comments indicate that consumers may pay additional costs to insurers, who elect to pass costs of administrative compliance with the new rule to their policyholders. This is an individual decision made by each insurer to either have their company cover the costs of complying with a new rule, or to pass the costs of administrative compliance onto their consumers (or policyholders).</p>

	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Has agency has asked consumers if they want premium change transparency, or if any data exists from consumers, such as complaints, on the topic of insurer transparency? Does the consumer experience, industry data, or status of the insurance marketplace command regulations requiring premium change transparency from insurers to their policyholders for premium increases occurring at renewal? Does the consumer complaint data, industry response information, and agency records show a need for premium change transparency regulations?</p>	<p>The CR-101 for this rulemaking indicates immediate needs for consumer protections through insurer transparency. This is based on consumer contacts, consumer complaint data, and industry responses. The available evidence demonstrates that insurers are not currently providing their policyholders with sufficient information or transparency on premium increases occurring at renewal. This is unfair and deceptive, and prevents the consumer from making educated and informed decisions on their insurance policies at renewal.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>The agency has taken an ideological perspective that transparency for transparency's sake is the motivating factor for the rule, and not data-driven decisions based on consumer complaints.</p>	<p>This rulemaking is substantiated based on the consumer's recent experience in Washington markets. The rulemaking follows data-driven decisions, based on consumer contacts and complaints to OIC for a lack of insurer transparency with premium increases at renewal on personal lines of P&C policies, and has been processed through agency efforts extended beyond the requirements contained in the APA.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Washington's premium change transparency rule is unlike other jurisdictions and national approaches on this topic.</p>	<p>The agency created this rule through careful consideration of other states' condition renewal notice requirements, awareness to the agency's mission, national efforts on insurer transparency, as well as the current state of consumer protections and marketplace experiences. The agency believes this rule has been strategically tailored to the Washington insurance markets, to specifically achieve consumer protections including transparent insurers, along with educated and informed consumers.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Insurers have continued concerns that if the regulation will still require dollar or percentage impacts to be outlined for each premium factor, then the industry is still opposed. Insurers need flexibility to provide premium change transparency that is helpful for consumers. The level of detail achieved by the second phase may not be needed.</p>	<p>The premium change transparency rule does not require dollar or percentage impacts to be outlined for each premium factor. The second phase of the rule requires insurers to provide reasonable explanations and the primary factors causing premium increases.</p> <p>The agency believes that the reasonable explanation communication standard and phased approach provide sufficient discretion and ability for insurers to achieve compliance with the premium change transparency rule.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>

<p>The second phase of the rule may require insurers to invest millions of dollars and a lengthy amount of time (potentially 24 months) to setup and program compliance systems.</p> <p>Has the agency critically assessed all areas on the Cost Benefit Analysis for this rulemaking, and what methodologies were employed? Has the agency followed proper protocol in assessing the future potential rule impacts to insurers and small businesses, such as producers, in the Cost Benefit Analysis and Small Business Economic Impact Statement?</p>	<p>The OIC critically assessed impacts to all affected parties for this rulemaking. In this process, the OIC reviewed impacts across many arenas, including but not limited to: financial impacts, resource requirements, staffing, and time expenditures, for the public and private sectors prior to adopting the final regulations. The OIC followed protocol from the Washington State Governor’s Office of Regulatory Innovation and Assistance in considering the regulation’s impacts, and surveyed the private sector on their costs to implement and maintain compliance with the rule. The results of the agency’s work are captured in the Cost-Benefit Analysis and Small Business Economic Impact Statement. Please see pages 3 – 19 of the Cost-Benefit Analysis for additional information on the benefits and impacts of this rule.</p> <p>The benefits of increased consumer protections achieved through insurer transparency on premium increases occurring at renewal, as well as the avoidance of unfair and deceptive business practices, while upholding the public interest of the business of insurance, outweigh the identified impacts, including those of a financial and administrative nature. This rule will lead to better educated insurance consumers, who can make informed decisions on their insurance policies, coverages and prices at renewal, and who will also gain valuable information to assist in the mitigation of insurance risks and costs. Additionally, the rule will contribute to more responsible, transparent, and accountable insurers. These benefits eliminate waste and improve the marketplace experience for all parties.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Most consumers do not want premium change transparency. The rule should be drafted to require premium change transparency upon a 10% premium increase and a policyholder written request, rather than automatically upon a 10% premium increase or premium increase of any percentage.</p> <p>There are continued concerns with the second phase requirements, such as including detailed information in the form of primary factors. Industry believes this will cause significant financial impacts, as well as IT updates, programming, and new staffing, without commensurate benefits being achieved for consumer protections.</p>	<p>Available data in consumer contacts, complaints, and industry responses reveal that consumers have an immediate need for insurer premium change transparency in Washington. The agency believes the consumer protections of premium change transparency should be afforded to any consumer experiencing a premium increase at policy renewal.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>The agency should take different strategies with the rulemaking, such as only requiring the first phase of the rule and not the second phase, engaging in a pilot rulemaking project, or to withdraw and table the rulemaking until a later date. The piloted first phase could last approximately one year, for the agency to acquire insurer data and experience that can drive developments for future regulation of premium change transparency. The agency may discover that the first phase provides sufficient transparency for consumer</p>	<p>The agency’s rulemaking efforts revealed that industry’s impacts are reduced with a bifurcated threshold (triggering notice requirements first manually upon request, then automatically upon any premium increase of 10%), phased communication standards (developing from reasonable explanations to primary factors), and a time buffer for compliance (with at least one year for implementation of the first phase and three years for the second phase). Therefore, the initial rulemaking phase will begin on June 1, 2024, at least one year after agency adoption, with a threshold</p>

<p>protections and will prevent unfair or deceptive practices in the business of insurance.</p> <p>The premium change transparency rule should only include the first phase and not the second phase, until it is determined that the first phase is insufficient for consumer protections.</p>	<p>of upon policyholder written request for any premium increase, and requires insurers to provide reasonable explanations of premium increases. The second phase of rulemaking develops into an advanced insurer premium change transparency system by June 1, 2027. The second phase requires insurers to provide premium change notices either automatically upon a 10% premium increase at renewal, or in response to a policyholder request for any premium increase. Beginning June 1, 2027, insurers will need to provide premium change notices with the primary factors causing premium increases for their policyholders, at least 20 calendar days prior to the renewal effective date, or 20 calendar days from the date of receiving a request. This strategy will ease industry impacts related to implementation and compliance, and allows insurers to use experience gained from the first phase to develop advanced transparency systems for the second phase.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>The agency should change the rule to include a safe harbor or mitigation ability for those insurers acting in good faith for compliance with the rule. The agency should amend the rule to include a good faith safe harbor for insurers, with a special focus placed on the second phase of regulations.</p>	<p>The agency considered industry feedback on the potential inclusion of a good faith safe harbor provision. Due to conflicts in the law, the agency did take other approaches to the rulemaking when viewing industry compliance with the rule. To decrease the impacts of the rule the agency reduced thresholds and communication standards. This is exhibited in the phased rule approach, time buffer for compliance and implementation of each phase, and developing thresholds and communication standards.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>The currently effective authorities in the Insurance Code already provide the consumer protections attempted by the rule. An example was provided with the adverse action notice authorities in the Insurance Code. Cite to WAC 284-24A-110. These notices provide four factors in reasonably clear language and testifier believes it may be duplicative to require premium change transparency.</p>	<p>Given the consumer complaints the OIC consistently receives concerning premium increases, it is clear that the current adverse action notices required of insurers under RCW 48.18.545 and WAC 284-30-770 (which are limited to actions involving an insurer's credit score), do not sufficiently disclose the complete information consumers need to understand why their premiums have increased. Adverse action notices do not currently provide information that is sufficiently transparent to allow consumers to understand the full basis for their premium increases. Further, adverse action notices are required in far more transactions than the renewals that are the subject of this rule. The OIC is willing to consider if the same level of transparency is appropriate in all instances when an adverse action notice is appropriate, but that is beyond the scope of this rule.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p><i>“The scope of WAC 284-30A-020 contains problematic and ambiguous language relating to potential disclosure of models, company placement criteria or eligibility rules and strictly</i></p>	<p>The Commissioner designed the rule to improve transparency in insurance renewal transactions with policyholders while maintaining trade secrets, as well as proprietary and confidential</p>

<p><i>confidential insurance company trade secrets by stating: "Insurers may need to provide information specific to the policyholder that has been produced through or resulting from these sources to comply with this chapter." The last sentence in -020(c) remains confusing and is potentially conflicting with existing statutory requirements in WAC 284-24A-010."</i></p>	<p>information for insurers. This is shown by the scope exemptions, expressed exceptions, narrowly tailored threshold, and optimized communication standards.</p> <p>The rule requires premium change transparency on renewals and the related premium increases. The information being produced through insurer premium change transparency is not the insurer's protected rate models, underwriting algorithms, and proprietary trade secrets. Instead, the information included in premium change transparency, such as dollars and rate factors, may have been produced through or resulting from confidential or proprietary insurer industry information.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>The agency should balance the need for regulation with the best interest of what the consumer needs for consumer protections.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>There are issues with providing premium change transparency in response to any premium increase, where this can include premium increases of less than 1%. Industry believes this threshold is too low and should be set at a minimum of 10%, while still requiring a written request for transparency.</p>	<p>The agency reached consensus on the 10% threshold for automated notices by reviewing consumer contacts, complaints, agency reports, other states' conditional renewal notice authorities, and coordinating with insurance subject matter experts. However, the rule allows policyholders to manually request premium change transparency in writing upon experiencing any premium increase. This prevents limiting consumer protections to policyholders who may still experience a premium increase that is financially burdensome to the consumer, but that does not hit the 10% automated threshold for notices.</p> <p>To ease industry burdens with the threshold, the agency has drafted the rule to require premium change transparency below the 10% threshold only when a policyholder manually makes a request and in writing to their insurer. The rule also affords insurers additional time for these written requests, where compliance is calculated 20 days from the insurer's receipt of the request, rather than the automatic default timeline of 20 days prior to the renewal effective date.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We request for the agency to delay or withdraw this rulemaking until national models are developed and adopted.</p>	<p>The Commissioner is aware of national models being produced by the NAIC, as well as the NCOIL, but declines to wait to adopt related rules in Washington.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>The agency has not provided specific explanations on what problems will occur if this rule is not adopted.</p>	<p>The OIC is not a required to explain what problems will occur without the rule in order to satisfy the APA. However, at the very least, consumers will continue to complain to the OIC that they have not received adequate explanations from their insurers concerning</p>

	<p>the reasons for their premium increases if carriers are not required to provide the transparency afforded by this rule.</p> <p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We request clarity in the different rule phases, with reference to an agency draft resource to answer insurer questions on the first and second phases.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We have general favorability and support for the rule. Washington consumers need and deserve information about their premium increases to help them understand price hikes and mitigate their insurance costs. This will promote better educated and informed insurance consumers in the state.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We have concerns with the timeline for rulemaking, where the agency has taken over a year to propose official regulations and conduct a public hearing.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We believe the 10% threshold limit for automated premium change transparency is being set too high. However, this is considerably better than nothing and represents an important first step to insurer responsibility and accountability.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>In responding to industry comments, we believe that transparency for transparency's sake is beneficial for all affected parties. Premium change transparency will better educate consumers on insurance and reasons for premium increases, and helps consumers make informed insurance decisions. When the insurance industry mentions that providing this basic information about premium increases is too much of a burden, it appears that insurers are seeking profits over consumer protections.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>Numerous factors can impact policyholder premiums. Research has found that Washington driver's auto premiums are influenced by numerous factors such as credit score, education, and occupation. We believe that these factors operate to harm the insurance consumer.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We have appreciation for the disclaimer that aides in consumer education to help uphold the consumer protections offered by the rule. We request further education campaigns from the agency on this rule and the related consumer protections.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>
<p>We significant concerns with time delays in waiting for national models on premium change transparency and the need for insurer transparency on premium increases in Washington is immediate.</p>	<p>Thank you for your comment. The Commissioner considered and appreciated the comment provided. No changes were made to the rule language.</p>

Section 6: Implementation Plan

(A) Implementation and enforcement of the rule.

After the permanent rule is adopted and filed with the Office of the Code Reviser:

Policy staff will distribute copies of the final rule and the CES to all interested parties through the State's GovDelivery email system. The CR-103 documents and adopted permanent rule will be posted on OIC's website.

(B) How the Agency intends to inform and educate affected persons about the rule.

The agency will meet with and provide assistance to any affected insurer. The agency will provide educational materials on its website for affected insurers and consumers.

<u>Type of Inquiry</u>	<u>Division</u>
Consumer assistance	Consumer Protection
Company assistance	Company Supervision
Rule content	Policy
Authority for rule	Policy
Enforcement of rule	Legal Affairs
Market Compliance	Company Supervision

➤ Unable to locate answers – Connect with Us - use this link (<https://www.insurance.wa.gov/connect-us>).

(C) How the Agency intends to promote and assist voluntary compliance for this rule.

The agency will meet with and provide assistance to any affected insurer or interested party.

(D) How the Agency intends to evaluate whether the rule achieves the purpose for which it was adopted.

The agency will be monitoring company filings required by this rule, complaints, investigations, and enforcement actions to evaluate the effectiveness of and compliance with the rule.

Appendix A: CR-102 Hearing Summary

Summarizing Memorandum

To: Mike Kreidler, Insurance Commissioner

From: Michael Walker, Sr. Policy Analyst
Presiding Official, Hearing on Rulemaking

Matter No. R 2022-01

Topic of Rulemaking: Premium Change Transparency

This memorandum summarizes the public hearing on the above-named rule making, held on Tuesday, April 25th, 2023, at 9:00 AM, conducted in a hybrid setting, with in-person attendance at OIC Tumwater (Training Room #120 - 5000 Capitol Blvd SE, Tumwater, WA 98501) and virtual attendance via Zoom (meeting # 849 3056 0014) over which I presided in your stead.

Due to the agency's heightened efforts on this rulemaking, as well as the numerous interested parties, we conducted the hearing in a hybrid setting. To conduct the hearing in a hybrid setting, we used the agency's physical location at Tumwater, WA, to offer in-person attendance, and Zoom online meetings to offer virtual attendance. The hybrid setting offered the best potential in allowing interested parties to attend and testify at the hearing.

Other than OIC staff, there were no in-person attendees for this hearing. The agency documented approximately 105 virtual participants attending the hearing via Zoom. Four attendees provided testimony at the hearing, with three industry trade representatives indicating opposition to the rule and one non-profit consumer organization indicating support. There were no time limits placed on the testifiers or public hearing testimony. The hearing lasted approximately 30 minutes.

The OIC Public Hearing Script template was followed for this hearing. The public comment period for this rulemaking ended by close of business on Friday, April 28, 2023. The comment period and process were repeated multiple times during the hearing. Written comments received by the agency prior to the deadline are outlined and considered in Section 5 above.

The following agency personnel were present:

Policy & Rules Manager, Ariele Page Landstrom
Sr. P&C Policy Advisor, David Forte
P&C Policy Analyst, Andrew Davis
Policy Analyst (Economics & Data), Simon Casson
Administrative Assistants, Jesse Wolff and Matthew Kamenz
Mary Kay Schaefer, Insurance Policy & Compliance Analyst
Josh Martinsen, Functional Program Analyst 4
Manabu Mizushima, Actuarial Analyst 3
Kim Tocco, Attorney Manager
Stephanie Marquis, Public Affairs Director
Aaron VanTuyl, Communication and Social Media Manager

In attendance and testifying:

Christian Rataj, National Association of Mutual Insurance Companies (NAMIC)
Michael DeLong, Consumer Federation of America (CFA)

Kenton Brine, NW Insurance Council (NWIC)

Mark Sektnan, American Property Casualty Insurance Association (APCIA)

Contents of the presentations made at hearing:

Industry trade representatives presented the following testimony –

- Collective appreciation for the rulemaking process, where the agency offered multiple opportunities for interested party participation and took necessary efforts to improve to the rule over the course of a year. Generally, the current rule proposal is an improvement on the prior versions.
- Acknowledgement of good faith changes made by the agency to the proposed rule based on feedback received through prepublication drafts, interested party meetings, and coordination with the industry. Examples were provided for the provisions on policyholder-initiated changes and umbrella policies, as well as the bifurcated and phased approach of the rule. Comments commend the agency for allowing insurers to include composite rating variables. Appreciation also extended for more generic insurer notices in the first phase that do not require filing with the agency, which can be costly and time consuming.
- Comments highlighting the need for the rule to result in insurers providing helpful, useful, and actionable information to consumers, and not providing excessive, confusing, or frustrating information, which will likely lead to more insurance inquiries to insurers and the agency.
- Requests that the agency comply with the rulemaking authorities in the Administrative Procedure Act (Chapter 34.05 RCW), including RCW 34.05.328 and in particular, RCW 34.05.328(1)(d) and 34.05.328(1)(e). The rulemaking authorities require the agency to consider quantitative and qualitative information, to determine the probable benefits of the rule outweigh the probable costs, and the specific directives of the statute(s) being implemented for significant legislative rules. Testimony emphasized the second phase requirements for primary factors and automated notices.
- Statements that costs to the insurers are ultimately costs to their policyholders. This rule will burden insurers and their insureds with increased policy costs, which is concerning during a historic time of inflation in America. Information indicating the rule will financially impact insurance companies, who may pass these financial impacts onto their consumers in the form of higher premiums.
- Questions on whether the agency has asked consumers if they want premium change transparency, or if any data exists from consumers, such as complaints, on the topic of insurer transparency (or lack thereof).
- Concerns on whether the consumer experience, industry data, or status of the insurance marketplace command regulations requiring premium change transparency from insurers to their policyholders for premium increases occurring at renewal. General discussion on whether the consumer complaint data, industry response information, and agency records show a need for premium change transparency regulations.
- Mentions that the agency has taken an ideological perspective that transparency for transparency's sake is the motivating factor for the rule, and not data driven decisions based on consumer complaints.
- Testifiers state that Washington's premium change transparency rule is unlike other jurisdictions and national approaches on this topic.
- Insurers have continued concerns that if the regulation will still require dollar or percentage impacts to be outlined for each premium factor, then the industry is still opposed. Insurers need flexibility to provide premium change transparency that is helpful for consumers. The level of detail achieved by the second phase may not be needed.
- Concerns communicated on the second phase of the rule requiring insurers to invest millions of dollars and a lengthy amount of time (potentially 24 months) to setup and program compliance systems.
- Discussion on whether the agency critically assessed all areas on the Cost Benefit Analysis for this rulemaking, and what methodologies were employed. Commentary on whether the agency followed proper protocol in assessing the future potential rule impacts to insurers and small businesses, such as producers, in the Cost Benefit Analysis and Small Business Economic Impact Statement.

- Statements that most consumers do not want premium change transparency. Recommends that the rule should be drafted to require premium change transparency upon a 10% premium increase and a policyholder written request, rather than automatically upon a 10% premium increase or premium increase of any percentage.
- Continued concerns communicated with the second phase requirements, such as including detailed information in the form of primary factors. Industry believes this will cause significant financial impacts, as well as IT updates, programming, and new staffing, without commensurate benefits being achieved for consumer protections.
- Recommendations that the premium change transparency rule only include the first phase and not the second phase, until it is determined that the first phase is insufficient for consumer protections.
- Requests for the agency to take different strategies with the rulemaking, such as only requiring the first phase of the rule and not the second phase, engaging in a pilot rulemaking project, or to withdraw and table the rulemaking until a later date. The piloted first phase could last approximately one year, for the agency to acquire insurer data and experience that can drive developments for future regulation of premium change transparency. The agency may discover that the first phase provides sufficient transparency for consumer protections and will prevent unfair or deceptive practices in the business of insurance.
- Requests for the agency to change the rule to include a safe harbor or mitigation ability for those insurers acting in good faith for compliance with the rule. Requests were also made for the agency to amend the rule to include a good faith safe harbor for insurers, with a special focus placed on the second phase of regulations.
- Concerns on whether the currently effective authorities in the Insurance Code already provide the consumer protections attempted by the rule. An example was provided with the adverse action notice authorities in the Insurance Code. Testimony cited to WAC 284-24A-110. These notices provide four factors in reasonably clear language and testifier believes it may be duplicative to require premium change transparency.
- Concerns communicated on the protection of insurer confidential and proprietary models.
- Belief that the agency should balance the need for regulation with the best interest of what the consumer needs for consumer protections.
- Concerns stated on providing premium change transparency in response to any premium increase, where this can include premium increases of less than 1%. Industry believes this threshold is too low and should be set at a minimum of 10%, while still requiring a written request for transparency.
- Requests for the agency to delay or withdraw this rulemaking until national models are developed and adopted.
- The agency has not provided specific explanations on what problems will occur if this rule is not adopted.
- Requests for clarity in the different rule phases, with reference to an agency draft resource to answer insurer questions on the first and second phases.
- Some testimony was provided that reiterated previously submitted written comments on the rulemaking.

Consumer organizations presented the following testimony –

- General favorability and support for the rule. Washington consumers need and deserve information about their premium increases to help them understand price hikes and mitigate their insurance costs. This will promote better educated and informed insurance consumers in the state.
- Concerns with the timeline for rulemaking, where the agency has taken over a year to propose official regulations and conduct a public hearing.
- Issues with the 10% threshold limit for automated premium change transparency being set too high. However, this is considerably better than nothing and represents an important first step to insurer responsibility and accountability.
- In responding to industry comments, testifier believes that transparency for transparency's sake is beneficial for all affected parties. Premium change transparency will better educate consumers on insurance and reasons for premium increases, and helps consumers make informed insurance decisions. When the insurance industry mentions that providing this basic information about premium increases is too much of a burden, it appears that insurers are seeking profits over consumer protections.

- Discussion on the numerous factors that can impact policyholder premiums. Research has found that Washington driver's auto premiums are influenced by numerous factors such as credit score, education, and occupation. The testifier believes that these factors operate to harm the insurance consumer.
- Requests were raised for the agency to avoid weakening the regulatory requirements of the rule to ease industry's perceived issues with implementation and compliance.
- Appreciation for the disclaimer that aides in consumer education to help uphold the consumer protections offered by the rule. Testifier requests further education campaigns from the agency on this rule and the related consumer protections.
- States significant concerns with time delays in waiting for national models on premium change transparency and mentions that the need for insurer transparency on premium increases in Washington is immediate.

The hearing was adjourned.

SIGNED this 25th day of April 2023

Michael S. Walker

Michael Walker, Presiding Official