

## **Kreidler seeks ban on insurers' use of credit information**

### **Local News**

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OLYMPIA, Wash. — Insurance Commissioner Mike Kreidler is calling for a ban on the insurance industry's controversial practice of credit scoring. A hearing on the legislation, [HB 2513](#), is scheduled for tomorrow, Jan. 20 at 6 p.m. in Olympia.

"Thousands of consumers have contacted my office over the last several years complaining about their insurance company's use of credit scoring," said Kreidler. "They say, 'I pay my bills on time, I pay my premium, have never filed a claim or had a ticket — why is my premium going up?'"

Despite strong consumer protections enacted eight years ago by the Washington state legislature, insurers are relying more and more on credit scores. Today, some even consider your level of education. They take certain information in your credit history and other factors to create an "insurance score." The factors they consider and how much weight they assign them vary, making it extremely difficult—if not impossible—for you to understand what steps you can take to improve your score and get a better rate.

Today, your insurance credit score can impact your auto and homeowners rates by as much as 50 percent.

"The industry's reliance on this tool is startling," said Kreidler. "Today, your insurance score can have a bigger impact on your premium than an at-fault accident," he said. "The insurance industry should be embarrassed that it's using such an arbitrary and unfair tool like credit scoring."

Kreidler added that he wanted to ban this practice when the industry started using it nearly ten years ago. "It's discriminatory and blatantly unfair — especially in today's economy."

The insurance industry argues that credit scoring rewards people for being responsible. But Kreidler says people making responsible decisions are being harmed by the practice.

He's heard from consumers whose insurance rates were increased because they:

- Consolidated their credit cards, lowered their credit card limits or canceled their cards.
- Opted to buy a large ticket item with 12-months deferred interest.
- Took advantage of a 10 percent discount if they used their store card to make a purchase.
- Do not have enough active credit cards or bank accounts.
- Opened a new credit card eight years ago to get frequent flyer miles.

"What do any of these choices have to do with how these people drive their cars or how they treat their homes," he asked. "Nothing. But get ready to hear the insurance industry's scare tactics. They'll threaten that banning credit scoring will lead to higher insurance rates. I believe successful companies will find fair ways to reward responsible drivers and property owners with lower rates. After all, they want these people as customers."

[House Bill 2513](#) is sponsored by Rep. Sharon Nelson of the 34th district. The Senate version, [SB](#)

[6252](#), is sponsored by Sen. Jeanne Kohl-Welles of the 36th district.

Tomorrow's hearing takes place at 6 p.m. in hearing room D of the John L. O'Brien Building in Olympia. To learn more about the industry's use of credit scoring visit

<http://www.insurance.wa.gov/consumers/credit/index.shtml>