

The times demand straight talk about credit scores and auto, home, renters and condo insurance. Here's the truth... and an idea.

This is a time for facts. Not fear.

If there's one thing we've learned over the course of 2020, it's that opinions and rumor fly faster than ever, and can damage public trust.

More than ever, facts should matter more than fear.

Washington's Insurance Commissioner proposes to ban insurers' use of reliable, objective, blind-to-race-and-income information that currently is used to reduce or offer better insurance rates for the vast majority of Washington's consumers. Banning the use of this tool – known as Credit-Based Insurance Scoring – could mean re-rating millions of Washington auto, home, renters and condo insurance policies, removing the “good credit discount” and increasing insurance costs for millions of Washington families at a moment of unprecedented economic uncertainty – and flat-out hardship – for many in our state.

Perhaps worse than the economic devastation this proposal could create is the further erosion of public trust. Insurers, think tanks, universities, government agencies (including multiple state insurance departments and the Federal Trade Commission) have concluded that:

- ✓ There is a proven, accurate link between credit history and risk of insurance loss.
- ✓ Most insurance consumers pay less for insurance because of insurers' use of credit history.
- ✓ Evidence shows that use of credit history does not disparately impact lower-income households or communities of color.

This - and volumes of additional evidence - contrasts with statements made in support of a ban on the use of credit-based insurance scores.

Don't ban it; make it *better*.

Nationally, 46 states authorize the inclusion of credit information in insurance underwriting and/or rating. In 21 states, laws also provide protection for insureds who suffer an “extraordinary life circumstance,” like job loss due to a pandemic, death of a spouse, child or parent, divorce, military deployment and more. Washington insurers support enactment of the “ELC” provisions to further protect insurance consumers. We hope you'll contact us for more information about how we can work together to protect consumers' rights – *and* their budgets.

Did you know:

Insurance companies cannot and do not request or consider **race information** on applications for home, auto, renters or condo insurance.

Insurance companies do not request or consider **income information** on applications for auto, home, renters or condo insurance.

In Washington, insurance companies cannot and do not make decisions about underwriting, rating or renewal **based solely on a person's credit score**.

Studies by insurance departments and credit reporting agencies consistently prove that as many **as 75%-87% of insurance consumers pay less for insurance** because of their favorable credit history.

Studies by multiple state insurance departments and the Federal Trade Commission have proven that the full range of credit scores exist across **race and income groups**. There is no evidence of “disparate impact” on lower-income households or communities of color.

Credit reporting agencies have documented that during the 2008 Great Recession, average credit scores across the nation **did not fall**; some even improved. Average national credit scores in May 2020 (3 months into COVID-19 in the U.S.) **are the same** – 707 – as they were in May 2019.

The recently enacted federal CARES Act includes provisions that **prohibit credit reporting agencies** from reducing credit scores due to missed or delayed payments that are a result of circumstances related to the COVID-19 pandemic.