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### **Insurers support changes to help families in economic crisis; oppose Commissioner's ban on credit-based insurance scoring**

SEATTLE –Three trade associations representing auto, home and renters insurers today issued the following statement opposing Washington legislation, SB 5010, to ban the use of credit-based insurance scoring in the rating and underwriting of insurance. The three trade associations include the American Property Casualty Insurance Association (APCIA), the National Association of Mutual Insurance Companies (NAMIC) and the Northwest Insurance Council (NWIC).

“Insurers price policies based on expected future costs across a large, diverse population of drivers. Although the pricing mechanism is complicated, the goal is very simple: Price each policy according to its expected risks and costs.

“Every reputable [study](#) conducted by state insurance regulators, university researchers and the Federal Trade Commission have reached the same conclusions:

- Insurance scores, derived in part from credit history, accurately predict risk of insurance loss;
- The use of insurance scores reduces the cost of insurance for most consumers – and prevents lower-risk insureds from paying more to subsidize higher risk insureds; and
- Insurance scores are not proxy for race or income and are not unfairly discriminatory.

“The cherry-picked sampling of online quotes that the Consumer Federation of America (CFA) uses to reinforce a false narrative about how insurance scores are developed and considered by insurers are inaccurate and irresponsible in a time when accurate data is critical to informed public debate.

“In Washington, most consumers save money on insurance thanks to the use of credit-based insurance scores. Commissioner Kriedler’s bill would remove this predictive, accurate, objective rating tool, which could increase insurance rate increases for low-



income families, seniors and other lower-risk policyholders struggling through this job-killing pandemic.

“Insurers are promoting passage of provisions currently in law in 21 states (and allowed to be included in insurance rate plans in nearly every state – but not in Washington). This provision would allow insurers to recognize and assist consumers who report suffering ‘Extraordinary Life Circumstances’ – like job loss from a pandemic or natural disaster, death of a family member, divorce or military deployment.

“While all the latest available evidence shows insurance scores and [credit scores are rising](#) even during the pandemic, that won’t be true for every insurance consumer, and insurers should have the ability to respond to their customers’ unique circumstances during hard times like these.”

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