

## **COLORADO HOUSE VOTES AGAINST CREDIT-SCORE BAN**

On January 29, 2008, the Colorado House of Representatives was congratulated by the National Association of Mutual Insurance Companies (NAMIC) for *rejecting* the latest effort to *ban* credit-based insurance scoring for rating and underwriting. According to Christian J. Rataj, NAMIC's Western state affairs manager, the move will protect people with good credit based insurance scores from paying more for their insurance.  
<http://www.insurancenewsnet.com/article.asp?n=1&id=90687>

There are some who wonder how the people with poor credit (because they could not afford to pay their bills) are going to be able to pay for insurance at all with their premiums going up even further. Of course, there are people who simply don't have any credit because they pay cash for everything.....they're paying more for their insurance, too. Is that fair? Is this another case of the rich getting richer and the poor getting poorer?

There are, we find, many reasons why people might find themselves with what the credit bureaus call "a poor credit rating." It could be because of exorbitant medical bills or simply for not paying bills on time. Whatever the reason, we are not told exactly how insurance companies use the credit scores they receive from the credit bureaus....this is a top secret. What we do know is that each company has its own system of rating and a consumer will find that his credit score will be looked upon more favorably by some companies than others. It does pay to shop around. As most AF agents will tell you, clients who shop around after receiving a huge increase in their premiums because of a bad credit score will undoubtedly save hundreds of dollars elsewhere.

It is difficult to understand how the Colorado House could possibly *not* see that credit-scoring is an attempt at making insurance unaffordable (and therefore, unavailable!) for a particular segment of the population. Is this a form of redlining? Time will tell. As a Representative of the Colorado House, I wouldn't want that vote on my conscience!