

## CREDIT SCORING, CLASS ACTION LAWSUIT, AND STATE COMMERCE INVESTIGATIONS

You all received notice from the American Family home office on January 25, 2008, that a possible class action lawsuit could be certified as a result of a Nebraska woman's lawsuit. She is alleging that American Family's use of credit information in its pricing of property/casualty policies is racially discriminatory. Already the commerce departments in Wisconsin and Colorado are looking into the matter of credit scores being used in the pricing of policies.

In the January 14th 2008 issue of the Insurance Journal, Wisconsin Insurance Commissioner Sean Dilweg addressed insurance questions pertaining to Wisconsin. When asked about credit scoring, he responded:

*"at this point I have seen both sides. I have seen the consumer get a better rate because of his or her credit score. I have also seen customers get upset when they get a higher rate due to their credit score. I am still examining the issue. I think the Wisconsin Legislature is going to be examining the issue in the new session in '08. So, I want to review the complaints coming in and just look at the issue from a fresh perspective. If we need to make changes, we will. It is a tool. It has some actuary soundness to it. These factors will be investigated more over the next year".*

As an agent, you should be informing your clients that credit scoring will probably be discussed in the Wisconsin legislature this year. Clients and agents alike need to contact their legislative representatives voicing either their support or disapproval with credit scoring. While clients tend to blame the insurance credit scoring issue on insurance companies few realize they can influence if and how credit scoring may be applied within their state.

Get the word out, inform your clients that credit scoring will be discussed this year in your state legislature and let them know they can have an impact on the how credit scoring is used in their state.

Likewise a bill (HB1143) was introduced in the Colorado Legislature by Rep Dorothy Butcher (D) from Pueblo, Colorado. The bill would prohibit an insurer from using credit scores to accept, deny or rate a potential customer for underwriting purposes. Again, agents need to talk to their legislators and clients encouraging them to voice their concerns on the use of credit scoring.

FYI NAAFA board members have personal lobbying experience at both state and federal levels. We know that if a senator or representative hears from 20 people on a particular issue, it is considered a significant number by them. It does not take a large number of contacts to influence a legislator's decision when voting on a particular issue. If you are really concerned with the effects, positive or negative, on credit scoring, now is the time to contact your congressional legislator and let them know how you feel on this issue. You can do this via a phone call, fax, letter or meeting with them personally. **If you aren't sure who your representatives are, please use the link on the NAAFA home page called "Contact Your Politician."** how you contact them is not important, but voicing **your opinion on this topic is very important!**