Temporary prohibition on use of credit history

What is this?

An emergency rule took effect on June 20th and temporarily prohibits the use of credit history to determine premiums and eligibility for coverage in private automobile, homeowners, and renter's insurance products. Those who are up for a policy renewal will be notified by their insurance company about possible rate changes.

Which types of insurance policies does this effect:

- Automobile
- Homeowners
- Renter's (tenant)

Insurance companies are using scare tactics in their notices to consumers

Many insurance companies have shared to their consumers nearly identical messages of alarming rate increases due to the emergency rule and urge the consumers to contact their legislators. What companies are not saying is **why** this emergency rule was issued or that many people will receive significant rate decreases. Insurers are not telling their customers that rates will also go down for individuals by the same amount that they will increase for others. They should be transparent with their policyholders.

It's unfortunate that so many companies relied as heavily on credit scores as they did to determine rates. The insurers should be open and transparent about the degree to which they relied on these scores compared to other typical rating factors. Consumers deserve to have the facts from companies and if they don't get this information, they should shop around.

How the emergency rule affects insurance cost

By design, the emergency rule requires insurers to remove credit without changing their rates, on aggregate, across the state. Consumers that have been buoyed by good credit may see price increases, just as some anchored down by poor credit will see a decrease. Removing the use of credit requires that other factors – like driving record and claims history – be more pronounced. We are letting the public know that if a consumer gets a rate increase, they

If you don't like your insurance costs, try shopping a different insurance company

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should contact their company and let them know they'll be shopping around for a better deal.

We have heard from people upset about this change and from their legislators who represent them. This is understandable given the messaging campaign by the insurers. Many believe they are now paying more to subsidize lower rates for people with low credit scores. But that's not what's happening. Removing credit as a rating factor eliminates the unfair discount they have been receiving for decades while people with low credit have been paying significantly more to subsidize this discount. It's not giving a subsidy, it's removing one.

Consumers are benefiting from the emergency rule

Consumers are benefiting from the emergency rule but insurers are telling only one side of the story. They are working to turn consumers against the regulators instead of the companies that willfully charge them more. The complete story includes the punitive and discriminatory impact of using credit scores as a rating tool.

We need your help in countering the insurers' messaging. Please help us identify the individuals we know are benefiting from this rule. We need to hear from those consumers who have had a decrease in your renewal noticed or shopped around and found lower rates.

As always, your support for this economic fairness and racial equity priority is greatly appreciated.