

February 24, 2021

To Whom it May Concern ,

Most people save money when credit, education, and occupation are used to assess how much they pay for insurance. As an insurance agent, I am very opposed to any changes to the law that would take those tools away and which could mean higher prices for my customers. Credit Based Insurance Scores (CBIS) allows for more auto underwriting tiers and offers more precise risk prediction to categorize/set those tiers. There are a slew of reports which highlight the benefits of credit for consumers. A 2007 FTC report to the U.S. Congress titled *Credit-Based Insurance Scores: Impacts on Consumers of Automobile Insurance* states “improved risk prediction techniques therefore reduce the extent to which lower-risk consumers subsidize higher-risk consumers”.

As with most insurance agents, customer retention is a primary goal for me. These are my friends, family and neighbors. Legislation like House Bill 2043, which will likely result in higher premiums for most of my customers, is a huge concern for me. Most consumers don't realize that staying with their insurer (long term) actually keeps their premiums affordable.

A May 2020 Forbes report details a 2016 study by the Vermont Department of Financial Regulation. That study found “two-thirds of vehicles would get premium increases if credit-based insurance scores were banned”. In 2017, the Arkansas Department of Insurance “found that 57% (majority) of consumers received some level of decrease in their auto insurance premium when a credit score was used, as opposed to 23% who saw an increase. 19% saw no effect”.

On a personal note, I've congratulated new customers for qualifying in GEICO's best tier. Even when customers don't receive the best tier, I am aware of how using credit and other factors has helped my customers afford their premiums.

In sum, by being able to consider credit and other factors, I am able to help my customers afford their premiums.

Sincerely,



Steve Ching

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