



Date: February, 22nd, 2023
To: House Committee on Business and Labor
From: Jennifer Parrish Taylor, Director of Advocacy and Public Policy for the Urban League of Portland
Re: Support for Insurer's Decisions Concerning Motor Vehicle Liability Insurance Reform, HB 2920

Chair Holvey, Vice-Chairs Elmer and Sosa, and Members of the Committee,

Thank you for the opportunity to provide testimony in support of House Bill 2920. My name is Jennifer Parrish Taylor, and I am submitting this testimony on behalf of the Urban League of Portland. The Urban League of Portland is one of Oregon's oldest civil rights and social service organizations, empowering African Americans and others to achieve equality in education, employment, health, economic security, and quality of life across Oregon and SW Washington.

Oregonians head to work daily, pick up their kids from school, and go to the grocery store or a health care appointment. If they are driving, they are required by Oregon law to have automobile liability insurance coverage (auto insurance). Many factors can be used by auto insurance companies when deciding a driver's monthly insurance rate. What's troubling is many companies use a person's credit score in addition to other factors (like a person's driving behavior) to make this decision. According to the U.S. News, "rates of subprime credit scores in majority-Black, Hispanic and Native American communities are at least 1.5 times higher than in majority-white communities, according to a 2022 report from the Urban Institute, a nonprofit think tank. FICO defines subprime as poor or fair credit scores that fall below 670. A low credit score or no credit history can make borrowing difficult and expensive. If you can't access good credit products, you may struggle to build wealth."¹

There is no direct link between your credit score and safe driving. Credit history is a proxy for race. Because of generations of predatory lending, economic discrimination, and racism, communities of color are more likely to have lower credit scores, credit errors, or no credit history. Credit is only part of the story. Credit scores reflect on-time credit card and loan payments, but NOT all on-time payments people make. Insurance companies make decisions based on an unreliable, frequently inaccurate understanding of a person's positive financial activity. Poor credit disproportionately impacts auto insurance rates. On average, an Oregonian with poor credit will pay roughly \$1,288 more for auto insurance annually than someone with excellent credit. Moreover, they will pay \$762 more than a driver with excellent credit and a driving while intoxicated (DWI) conviction.² For Black and brown communities, we are disproportionately impacted by these predatory rates due to our credit; HB 2920 would seek to fix that.

¹ <https://money.usnews.com/credit-cards/articles/how-race-affects-your-credit-score>

² <https://www.consumerreports.org/cro/car-insurance/credit-scores-affect-auto-insurance-rates/index.htm>



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HB 2920 addresses these problems by setting the factors that auto insurance companies can use and not use to determine insurance rates. Auto insurance can consider factors like an individual's history of safe driving, the number of miles an applicant drives, years of driving experience, and other information Oregon Department of Consumer and Business Services (DCBS) determines. Auto insurance companies should not consider factors such as credit history or score, education, marital status, occupation, previous accidents/claims (where the insured was not at fault), sex or gender, or whether the insure owns or rents a home. Pass HB 2920 and end racial disparities in auto insurance rates.

Respectfully,

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