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On Behalf Of: Or St Cn for Retired Citizens United Seniors of OR  
Committee: House Committee On Commerce and Consumer Protection  
Measure, Appointment or Topic: HB3423

#### Testimony

HB 3423, Consumer/Credit Scoring in Auto Insurance  
House Commerce and Consumer Protections, February 18, 2025

I'm Dr. Jim Davis, a retired gerontologist/psychologist and professor, representing the Oregon State Council for Retired Citizens and United Seniors of Oregon. We are here to express our strong support of HB 3423, which would prohibit the use of credit history or other non-driving, socio-economic factors such as marital status, gender, employment or education in determining eligibility, rates or premiums for auto insurance.

The determination of whether you qualify for auto insurance and what premiums you will pay should be based driving-related criteria such as driving history, miles driven, and driving experience, not on factors that have nothing to do with your driving proficiency and unfairly discriminate against consumers despite good driving records. A Consumer Reports investigation showed that non-driving factors that have nothing to do with driving ability often play a greater role in auto insurance rates/premiums than driving-related factors. The vast majority of adults are dependent on driving motor vehicles for their everyday lives and are required to have basic auto insurance, hopefully within a fair and reasonable application or renewal process without discrimination to access affordable auto insurance.

There should not be any bias or unfair discrimination in determining pricing, creating equal access to affordable insurance. Unfortunately, this is not the case. Those with less education and less income ironically pay considerably more for auto insurance, even with good driving records. Single individuals, widows, and women also pay more.

And there is certainly disproportionate impact on people of color, particularly Blacks and Latinos, or those in lower socio-economic status areas, who face greater barriers to education, employment opportunities, and financial resources, which affect their credit history, but not their driving abilities. Consumer Reports found substantial disparities in auto insurance prices between white and nonwhite neighborhoods. Consumer Federation of America (CFA) found that black areas were charged 60 percent more for auto insurance.

It is disappointing and puzzling that people with perfect driving records and not so

perfect credit are paying upwards of double or more for auto insurance, compared with those who have comparable driving records and better credit, costing them hundreds of dollars annually, which greatly impacts their costs of daily living. CFA found that amongst perfect drivers (no accident, ticket or filed claim) in Oregon, those with fair credit paid 45% more on premiums and those with poor credit 113% more than those with very good credit scores.

Consumers have been found to be mostly oblivious to the unfair socioeconomic disparities in auto insurance, as two-thirds are not even aware that credit history is being used in rate setting. A Root consumer survey found 77% of US adults believe that the use of credit scores introduces bias and discrimination.

The insurance industry is predicting doom and gloom if HB 3423 passes, including less competitive auto insurance markets and higher prices for consumers. They say that credit-based insurance scoring accurately assesses risk and offers more coverage/choices at fair and lower prices. They say insurance scoring does not consider culture or income. But the reality doesn't seem to match up, especially when there is such notable bias against people of color and lower socio-economic customers, as well as those with less education and individuals who are single or widowed.

And no matter what the insurance industry's actuary research shows, there are no direct links between credit history and driving efficiency. And we can never forget the paramount issues of fairness and justice, and the avoidance of bias and discrimination.

We urge your support of HB 3423.