

# **Vote No on SB-216**

## **Vote no on House Amendments**

By Sen. Lamborn and Rep. Cloer

### **Stop Credit Scoring In Homeowners' Insurance**

#### **SB-216 was amended as follows:**

SB04-216 strikes the provision of "NO Credit Scoring" in Homeowners insurance out of HB04-1292 that passed the Senate 21-14.

#### **Why SB-216 is a Trojan horse!**

1. It is business as usual. The provisions in this bill are used by the insurance industry right now and this is to allow them to continue using credit scoring. No protections for consumers.
2. Drafted and supported by the insurance industry. This is the model language of the National Conference of Insurance Legislators (NCOIL).

Insurance companies have developed "credit scoring" computer programs that translate and reduce information on a consumer's credit report into a single numerical score. A score is a snapshot of a consumer's credit information at a given moment in time. It may be based on credit information such as the number of credit cards held by the consumer, the amount of outstanding debt, late payments, as well as the age and type of credit accounts.

Insurers want to be able to charge higher rates or to deny coverage to individuals with poor insurance credit scores. Using insurance credit scores for this purpose is unfair to consumers. Even if a consumer pays every insurance bill on time and has never filed an insurance claim, he or she could still have a bad insurance score that could result in significantly higher premiums, or even denial of coverage.

#### **How Insurance Credit Scoring Harms Consumers:**

*Penalizes Good Financial Management*

*Based Upon Inaccurate and Incomplete Data*

*Lacks Meaningful Statistical Validity*

*Harms Low-Income and Minority Consumers*

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