

Progressive's Testimony In Opposition to LD 70, "An Act To Require Full Disclosure by Insurance Carriers Using Credit Ratings"

Senator Gratwick, Representative Treat and members of the Joint Standing Committee on Insurance and Financial Affairs. I am Kim Lane, I work with Government Strategies, and am here today on behalf of Progressive in opposition to LD 70.

Progressive does not use or acquire a credit score. Rather, Progressive uses events listed on the credit report to determine an insurance score. It is the insurance score that is factored into the rating. An insurance score predicts the likelihood of you becoming involved in a future accident or insurance claim and it is based on a comparison of policyholders with similar credit characteristics who have had previous claims with us.

LD 70 is not necessary. Under the federal Fair Credit Reporting Act, when an insurance rate is adversely affected by credit information, insurance companies must provide notice to the consumer of the information that adversely affected the rate and that the consumer can receive a free credit report. This notice appears to provide consumers with the type of information that LD 70 addresses.

Also, Progressive employs a Credit Information Team to answer consumer questions regarding our use of credit history and insurance scores, as well as to assist in obtaining a copy of a credit report.

In closing, we do not believe that any other state employs language or a requirement as proposed by LD 70. We encourage the Committee to vote Ought Not to Pass on LD 70.