

1           Resolution Prohibiting the Use of Credit Scores to Set Insurance Rates

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3     **WHEREAS** the insurance industry and certain other businesses have adopted the practice of setting  
4 rates based on credit scores derived from data submitted to credit reporting agencies by banks,  
5 credit card companies, and other sources;

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7     **WHEREAS** the use of such scores can be shown to unfairly discriminate against certain classes of  
8 individuals by increasing the rates paid by lower credit scorers (minority groups, non-credit users,  
9 people subject to financial devastation from medical emergencies, natural disasters, foreclosure, and  
10 so forth);

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12     **WHEREAS** predatory lending practices, such as sub-prime mortgages and easily available (but  
13 high-interest) credit cards, have caused economic difficulties for millions of Americans, with a  
14 consequent increase in low credit scores and therefore windfall profits for insurance and other  
15 businesses whose rates are tied to such scores; and

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17     **WHEREAS** the scientific models and data used by businesses to establish an actuarial relationship  
18 between credit scores and claims (or costs) are proprietary and not subject to independent and  
19 objective verification;

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21     **THEREFORE BE IT RESOLVED** that we, the Washington State Democratic Central Committee, call  
22 on each and every one of our state's United States representatives to support legislation prohibiting  
23 the practice of employing credit scores to set insurance rates or any rates other than those directly  
24 related to the use of credit such as the interest rates on loans and credit cards; and

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26     **THEREFORE BE IT FURTHER RESOLVED** that the Washington State Democratic Central  
27 Committee forward this resolution to the Washington State Delegation to the US Congress.  
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30 Submitted by the Island County Democrats to the Democratic Central Committee for consideration  
31 at its June 14 convention in Spokane. (Date Submitted 4/29/2008)

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33 The Resolutions Committee "AMENDED THIS RESOLUTION AND RECOMMENDED A PASS" at  
34 its May 31, 2008 meeting in Ellensburg.

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36 The Washington State Democratic Convention "PASSED" this resolution at its June 14, 2008 meeting  
37 in Spokane.  
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