Resolution Prohibiting the Use of Credit Scores to Set Insurance Rates

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

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

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

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

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

THEREFORE BE IT FURTHER RESOLVED that the Washington State Democratic Central Committee forward this resolution to the Washington State Delegation to the US Congress.

Submitted by the Island County Democrats to the Democratic Central Committee for consideration at its June 14 convention in Spokane. (Date Submitted 4/29/2008)

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

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