

**The Center for Economic Justice**

# **NEWS**

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## **Consumer Group Praises Insurance Commissioner Kreidler for Bringing Insurer Credit Scoring Practices into the Open**

*Center for Economic Justice Urges Adoption of Regulation  
to Require Greater Disclosure from Insurers*

*Group Says Consumers Will Be Outraged When  
They Better Understand Arbitrary Insurance Credit Scoring*

The Center for Economic Justice (CEJ) today praised Insurance Commissioner Mike Kreidler for seeking greater disclosure from insurers about their use of credit scoring. CEJ urged Kreidler to quickly adopt the proposed regulation that requires insurers to better explain how consumers pay higher premiums and/or are denied coverage because of insurers' use of consumer credit information.

"Insurers have been able to get away with outrageous credit scoring practices for years because they have hidden as much information about credit scoring from the public as possible. There's a good reason why insurers try to keep all this secret. When consumers learn more about the insurance credit scoring models, they are outraged at how little of the model deals with whether a consumer actually pays a bill on time and how much of the model deals with a consumer's economic status, said Birny Birnbaum, Executive Director of the CEJ.

At the hearing today to consider the proposed disclosure regulation, CEJ presented actual insurance credit scoring models used by insurers. The models are filed in Texas and are public information there.

“A review of actual models reveals that the type of credit card, your age, whether you shop around for the best rate, who your lender is, when your credit report was pulled to calculate the score or whether you use one card or multiple cards regularly all have a greater impact on your insurance credit score than whether you pay your bills on time. Even more important is the fact that the absence of credit information can hurt you more than a mistake in reported information,” Birnbaum added.

A copy of CEJ’s statement to Commissioner Kreidler is attached.

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*The Center for Economic Justice is a Texas nonprofit corporation dedicated to protecting the interests of minority and low-income consumers on insurance, credit and utility matters. Web Site: [www.cej-online.org](http://www.cej-online.org)*