

SENATE BILL REPORT

SB 6458

AS PASSED SENATE, FEBRUARY 14, 1994

Brief Description: Prohibiting credit history from being used in determining eligibility or rates for automobile insurance.

SPONSORS: Senators Williams, Prentice, Pelz, Vognild and Moore

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Fraser, McAuliffe, Pelz, Vognild and Wojahn.

Staff: Catherine Mele (786-7470)

Hearing Dates: February 3, 1994

BACKGROUND:

Concern has been expressed that applicants for, or holders of, automobile insurance policies have been either declined, cancelled, or had their rates increased solely on the basis of financial information contained in their credit history.

SUMMARY:

An insurer may not consider credit history as a factor in determining eligibility for automobile insurance, or in determining the rates charged for an automotive insurance policy. The term "credit history" means the financial information contained on a consumer credit report.

Appropriation: none

Revenue: none

Fiscal Note: requested

TESTIMONY FOR:

People having financial difficulties need this bill to obtain automobile insurance. Automobile insurance should be more affordable, especially since our state requires mandatory automobile insurance. Insurance companies should base risk classifications on criteria having a direct relation to driving practices.

TESTIMONY AGAINST:

According to statistics persons having poor credit history represent higher automobile insurance risks. If credit

history is not a criteria, one risk classification subsidizes other risk classifications.

TESTIFIED: Tony Junta (pro); Mel Sorensen, National Association of Independent Insurers (con); Rich Natziger, Insurance Commissioner's office (pro)