



**Board of Directors, Anchorage Chamber of Commerce
Resolution 2002/03-21
Opposing Legislation to Ban the Use of Credit-History Data
By Insurers in Assessing the Insurance Risks Posed by Their Insureds**

WHEREAS, legislation has been introduced in the state legislature that would ban the use of an individual's credit-history data by an insurer in assessing the insurance risk posed by that person, and

WHEREAS, the essence of insurance is the accurate quantification and management of the risks to be insured, and if this cannot be done as accurately as possible, some insured policyholders will necessarily end up paying more than they properly should while others will pay less than they should; and

WHEREAS, empirical studies have repeatedly found extremely strong statistical correlations between an individual's credit-history data and the insurance risk which s/he represents; these correlations are independent of and in addition to the other factors that insurers use to evaluate people insurance risk; and the chances that the correlations being observed are the result of statistical flukes in the data are overwhelmingly slim, such as 1 in 10,000 or less; and

WHEREAS, most Alaskans have good or excellent credit histories and thus would stand to benefit from lower insurance rates if those with bad credit histories and associated greater insurance risks would begin to pay what they properly should be paying to cover the insurance risks that they actually represent; and

WHEREAS, the Division of Insurance already can and surely will monitor the insurance industry's use of credit-history data to prevent it from somehow discriminating against groups of Alaskans along ethnic, socioeconomic or other unacceptable or inappropriate lines; and

WHEREAS, the Division of Insurance can and should appropriately require insurers in Alaska to temporarily reduce or eliminate their use of credit-history data for a reasonable period of time after a person suffers a major financial setback beyond their ordinary control such as major illness or injury in the immediate family, loss of employment, a property settlement in a divorce or such other events as the Division deems proper; and

WHEREAS, the Division of Insurance can and should require insurers in Alaska to inform their policyholders and applicants for insurance of the particular factors in their credit histories that adversely affect their insurance rates, so that those people will have a reasonable opportunity to correct any errors in their credit-history data and have their insurance rates adjusted to reflect

such corrections; and

WHEREAS, recognizing the industry is in crisis and this is an example of overregulation to industry that promotes an opportunity for a poor competitive market,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Anchorage Chamber of Commerce that the Board opposes the enactment any legislation that would ban insurers in Alaska from using an individual's credit-history data in evaluating the insurance risk posed by that person;

AND FURTHER RESOLVED that the Anchorage Chamber will inform its members of this resolution and will post it, together with the report and recommendations of the State and Local Government Affairs Committee on these matters, on the Anchorage Chamber's website;

AND FURTHER RESOLVED that the Anchorage Chamber will issue a press release and public announcement of this Resolution, and send copies of it to each state Senator and Representative, to the Governor, to other chambers of commerce in Alaska, and to the press.

DATED _____, 2003



George Vakalis, 2002-2003 Chair



Stacy Schubert, President