

# ALASKA STATE LEGISLATURE

## News from the Alaska State Senate

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State Capitol  
Juneau, AK 99801

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CONTACTS: Ron Irwin (907) 465-3803

Or

Jordan Marshall (907) 465-4919

## **Bi-Partisan Effort Scores Relief for Consumers** **Cowdery/Elton Bill Limits Use of Credit Scoring by Insurance Companies**

**(Juneau)** -- The insurance industry's use of credit information to determine rates and premiums was ratcheted down Wednesday when, with broad bipartisan support, Senate Bill 13 passed unanimously on the Senate floor.

[SB 13](#) is the first jointly sponsored bipartisan legislation in the Senate since 1994. The bill started out as a complete ban on the use of credit history to make insurance decisions but goes to the House of Representatives as a strong regulatory bill.

"This bill sets firm limits on insurance companies," said Sen. John Cowdery (R-Anchorage). "It lets consumers know what's going on, tells them when they've been hurt, and protects them from the worst effects of credit scoring."

Joint sponsor Sen. Kim Elton (D-Juneau) added, "With this bill, the division of insurance can open the insurance industry's black box and see what's being done to Alaskans."

The revised bill is the result of weeks of work the sponsors put in with the division of insurance and the insurance industry.

"I'm pleased to see a bill moving forward that will let us look more closely at credit scoring," said Linda Hall, whose division of insurance released a report that raised significant concerns about the practice. "I think it has important protections for both consumers and insurance companies and I look forward to working to get this bill through the House."

In its current form SB 13 allows insurance companies to consider credit scores when issuing new personal insurance policies. It requires them to tell the consumer that credit scoring will be used and sets limits on what items in a consumer's credit history can be considered.

"With these changes, Alaskans can be sure that credit scoring isn't being used as a proxy for race or income," said Elton, adding that he was hopeful the House would consider the bill and pass it this year. Cowdery also put a high priority on the bill's passage, noting "This bill is a priority for us, the division of insurance, and the industry. Everybody's done some compromising, so I think we're very close."

"I'm ready to get this to the governor," said Cowdery.

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