

WISCONSIN INSURANCE ALLIANCE

44 EAST MIFFLIN STREET • SUITE 201

MADISON, WISCONSIN 53703

(608) 255-1749 FAX (608) 255-2178

wial@tds.net / www.wisinsal.org

Eric Englund
President

Dan Ferris
Chairperson
SECURA Insurance

Misha Lee
Vice Chairperson
Sentry Insurance

Alan Ogilvie
Secretary/Treasurer
Capital Indemnity Corp

Members:

ACUITY
Ameriprise Auto & Home Ins
American Family Insurance
Badger Mutual Insurance
Capitol Indemnity Corp
Church Mutual Insurance
CUNA Mutual Insurance Group
1st Auto & Casualty Insurance Co
General Casualty Insurance
Germantown Mutual Insurance
Homestead Mutual Insurance Co
Integrity Mutual Insurance
Ixonix Mutual Insurance Co
Jewelers Mutual Insurance
Kemper Auto & Home
League of Wise Mutual
Manitowoc Mutual Insurance
Maple Valley Mutual Insurance
McMillan/Warner Mutual Ins
Mount Morris Mutual
Old Republic Surety Co
Partners Mutual Insurance Co
PIC Wisconsin
Progressive Northern Insurance Cos
Racine County Mutual Insurance Co
Rural Mutual Insurance Co
SECURA Insurance
Sentry Insurance
Sheboygan Falls Insurance
Society Insurance
State Auto Insurance Cos
Sugar Creek Mutual Insurance Co
United Wisconsin Insurance Co
Waukesha Cty Mutual Insurance
Wausau Insurance Cos
WEA Property & Casualty Co
West Bend Mutual Insurance
Wilson Mutual Insurance
Wisc American Mutual Insurance Co
Wisc Assn of Mutual Insurance Cos
Wisc County Mutual Insurance Co
Wisc Mutual Insurance Co
Wisc Reinsurance Corp

Associate Members:

A I G
Allied Insurance
Allstate Insurance
Auto Club Insurance Assn
C N A
Farmers Insurance
Liberty Mutual
Nationwide Indemnity
S F M
State Farm Insurance
St Paul Travelers
Western National Mutual Ins Co

MEMORANDUM

To: Members of the State Senate
From: Wisconsin Insurance Alliance, Eric Englund
Date: January 29, 2008
Subject: Oppose – Senate Bill 259

[Senate Bill 259](#) prohibits auto and homeowner insurers from considering information in an individual's credit report in setting premiums for auto and homeowner's insurance.

We ask that you oppose this legislation.

Last year your constituents spent in excess of \$2.5 billion purchasing auto insurance in Wisconsin. They spent another \$800 million on homeowners insurance. In so doing that paid some of the lowest cost for these products found any where in the United States. According to one study the combined average premium your constituents paid for homeowners and auto insurance ranked as 50th in the country.

One of the reasons auto and homeowners insurance remains affordable in Wisconsin is the ability of insurers to precisely price their products to accurately reflect the risk. Insurers have long used financial information, including credit, to assess and price for risk in commercial markets. Starting in the mid-1990's insurers began using credit information in auto and homeowners insurance. State and federal studies have consistently found a strong correlation between credit scores and the risk of loss.

The Wisconsin Office of the Commissioner of Insurance (OCI) has regulated the use of credit scoring for over a decade. These regulations have worked.

The prohibitions contained in Senate Bill 259 are a step back into the pre-computer dark ages of auto and homeowners insurance pricing. Taking away these tools will only cause your constituents to have less precise pricing of these products. Studies have consistently shown that the use of credit scoring:

- Benefits consumers through risk measurement and pricing,
- Provides greater availability of insurance to all consumers,
- Consistently provides rate decreases in homeowners and auto insurance to over 60% of consumers.

Passage of SB 259 will artificially distort the pricing of auto and homeowners insurance in Wisconsin to provide a cross subsidy from those who are less likely to have claims to those who are more likely to have claims. In so doing, cost of these products will only go up for all.

Please vote no on SB 259.