

CT Attorney General

Connecticut Attorney General's Office

Press Release

Attorney General Calls For Ban On Credit History As Tool For Determining Insurance Eligibility

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Attorney General Richard Blumenthal -- in formal legislative testimony today -- called for legislation barring insurers from using a consumer's credit history for the purpose of determining whether to offer insurance.

Testifying before the Insurance and Real Estate Committee, Blumenthal urged support for An Act Concerning Automobile Insurance. The bill, while prohibiting credit history impact on insurance, would also reduce the impact of residential location or territorial criteria on insurance rates.

"As credit problems proliferate, this pernicious practice sends people into financial freefall," Blumenthal said. "Basing insurance cost and eligibility on credit history is nonsensical -- punishing people for losing their jobs and homes, and compounding economic catastrophe.

"Credit difficulties are rising in near epidemic numbers. They are virtually irrelevant -- and certainly unreliable -- as an indication of whether a consumer is a good insurance risk. Consumers should be judged on criteria related to their driving history, not whether they were unable to pay bills because of unemployment or mortgage difficulties.

"Particularly in this enormously difficult economy -- when many more consumers encounter credit problems -- credit history is a draconian, inaccurate and unfair means of setting insurance rates. It will only aggravate consumer distress and economic downturn.

"As to territorial criteria, this proposal -- over a period of ten years -- reduces the weight provided to the residency of the driver in determining motor vehicle insurance premiums from 75 percent to 50 percent of the individual loss cost data to 50 percent for statewide average loss cost data.

"Automobile insurance rates in Connecticut remain among the highest in the United States. Excessive rates affect virtually every insurance consumer, but hit hardest are good drivers who live in the cities and older suburban towns, often drivers -- with incomes below the state average -- who can least afford to pay higher insurance premiums."

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