

## SENATE COMMITTEE ON JUDICIARY

February 13, 2003  
8:00 a.m.

Hearing Room 343  
Tapes 27-28

**MEMBERS PRESENT:**     **Sen. John Minnis, Chair**  
                                  **Sen. Ginny Burdick, Vice-Chair**  
                                  **Sen. Ted Ferrioli**  
                                  **Sen. Charlie Ringo**  
                                  **Sen. Charles Starr**  
                                  **Sen. Vicki Walker**

**STAFF PRESENT:**       **Bill Joseph, Counsel**  
                                  **Jane Bodenweiser, Committee Assistant**

**MEASURE/ISSUES HEARD:**     **SB 260 Public Hearing**  
                                  **SB 280 Public Hearing**

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These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<b>Tape 27, A</b>		
005	Chair Minnis	Calls the meeting to order at 8:10 a.m. and opens a public hearing on SB 260.
<b><u>SB 260 – PUBLIC HEARING</u></b>		
009	Sen. Charlie Ringo	Senate District 17. Testifies in support of SB 260 which prohibits insurer from using credit history or insurance score of consumer applying for or renewing personal property or casualty insurance when making underwriting or rating decision. Submits testimony of Chet Petersen, Prineville, Oregon <b>(EXHIBIT A)</b> .
049	Chair Minnis	Closes the public hearing on SB 260 and opens a public hearing on SB 280.
<b><u>SB 280 – PUBLIC HEARING</u></b>		
052	Sen. Rick Metsger	Senate District 26. Submits testimony and testifies in support of SB 280 that establishes requirements for use of credit history in personal insurance underwriting and rating <b>(EXHIBIT B)</b> .
099	Sen. Walker	Advocates approval of this bill.
108	Chair Minnis	Closes the public hearing on SB 280 and re-opens the public hearing on SB 260.
<b><u>SB 260 – PUBLIC HEARING</u></b>		
112	Joel Ario	Department of Consumer and Business Services, Insurance Division. Submits testimony and testifies as neutral on SB 260 <b>(EXHIBIT C)</b> .
296	Chair Minnis	Asks how consumer complaints are being handled.
300	Ario	Explains the process.
320	Chair Minnis	Asks if there has been an increase in complaints in the last six months.
328	Ario	Says there has been a general growth in the number of

344	Chair Minnis	complaints.
352	Ario	Asks if consumers are referred to the credit bureaus.
364	Sen. Ferrioli	Says, yes.
377	Ario	Asks about risk behavior and credit scores.
436	Chair Minnis	States there is a statistical correlation between the two.
440	Ario	Asks how factors are weighted.
458	Rae Taylor	Talks about the importance of numerous variables.
		Actuary, Department of Consumer and Business Services, Insurance Division. Discusses relationship between credit scores and insurance rates.

**TAPE 28, A**

041	Sen. Ferrioli	Wonders about statistics. Doesn't see the correlation between credit scores and risk behaviors.
080	Chair Minnis	Asks about the validity of the correlation.
095	Taylor	Says the statistics show a valid correlation.
103	Ario	Continues the discussion on valid statistical profiles.
130	Sen. Starr	Asks how other states are dealing with this issue.
138	Ario	Says Oregon is in the mainstream.
157	Sen. Ringo	Reads an email from a constituent who had her insurance rates increased due to her long-term illness, and wonders about the fairness.
182	Ario	Responds to the email with regard to fairness.
198	Sen. Ringo	Asks if other states prohibit the use of credit scores.
202	Ario	Cites the states that ban credit scoring.
212	Sen. Ringo	Asks if the insurance industry is operating fine in those states.
214	Ario	Replies, yes.
240	Sen. Ringo	Asks what has been done to compel the insurance companies to comply with the Fair Credit Reporting Act.
242	Ario	Says it is not yet state law.
260	Sen. Ferrioli	States his opinion on credit reports and wonders how they can be kept from being used in a discriminatory way.
290	Ario	Says SB 280 takes care of that problem.
302	Sen. Ferrioli	Wonders how an applicant could be certain that their credit information is not being used for risk rating.
321	Ario	Says only if a credit report is not available to the insurance carrier.
355	Sen. Ferrioli	Believes this legislation needs to be reworked.
384	Sen. Walker	Asks if insurance companies have a right to cancel insurance.

390	Ario	Explains that they cannot without a reason, but there are many grounds for cancellation.
399	Sen. Walker	Offers a scenario and wonders about cancellation.
410	Ario	Repeats that cancellation has to have a reason.
<b>TAPE 27, B</b>		
016	Mildred Brown	Oregon Resident. Testifies in support of SB 260. Provides personal experience.
092	Sen. Ringo	Asked what the agent told her about her insurance rate increase.
093	Brown	Says he was not sure why.
094	Sen. Ringo	Wonders if it was because she had too much available credit.
101	Brown	Says that is what the agent believed was the reason.
107	Mike Mitchell	Private Citizen, Hillsboro, Oregon. Submits testimony and testifies in support of SB 260 <b>(EXHIBIT D)</b> .
240	Selena King	Private Citizen. Submits testimony and testifies in support of SB 260 <b>(EXHIBIT E)</b> .
345	Vice Chair Burdick	Asks how long insurance companies have been using credit records.
349	King	Says since 1999.
363	Vice Chair Burdick	Asks if it is legal to raise rates because of age.
365	King	Replies that they do go up some, but not dramatically.
386	Chair Minnis	Wonders about rates based on age, sex, and race.
450	Colleen Whitwell	Private Citizen. Submits testimony and testifies in support of SB 260 <b>(EXHIBIT F)</b> .
<b>TAPE 28, B</b>		
047	Sen. Ringo	Contends that there are a number of problems with the practice of credit scoring and insurance risk rating.
075	Steve Stratton	Retired private citizen. Testifies in support of SB 260. Talks about credit ratings being a flawed system.
181	Walt Nichols	Private citizen, Portland, Oregon. Testifies in support of SB 260. Talks about his personal experience.
240	Brad Gritters	Private citizen. Testifies in support of SB 260.
272	Herman Leder	Private citizen. Submits testimony and testifies in support of SB 260 <b>(EXHIBIT G)</b> .
351	Lou Beres	Executive Director, Christian Coalition. Testifies in support of SB 260.
428	Chair Minnis	Closes the public hearing on SB 260 and adjourns the meeting at 10:00 a.m.

## **EXHIBIT SUMMARY**

- A – SB 260, written testimony submitted by Sen. Charlie Ringo on behalf of Chet Peterson, 6 pp**
- B – SB 280, written testimony submitted by Senator Rick Metsger, 18 pp**
- C – SB 260, written testimony submitted by Joel Ario, 17 pp**
- D – SB 260, written testimony submitted by Mike Mitchell, 2 pp**
- E – SB 260, written testimony submitted by Selena King, 1 p**
- F – SB 260, written testimony submitted by Colleen Whitwell, 1 p**
- G – SB 260, written testimony submitted by Herman Leder, 4 pp**
- H – SB 260, written testimony submitted by Sen. Charlie Ringo, 7 pp**