

SENATE COMMITTEE ON JUDICIARY

February 17, 2003
8:00 A.M.

Hearing Room 343
Tape 29-31

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: **Introduction of LC 's 411, 990, 1782, 1953,**
 2190, 2400, 2505, 2726, 2727, 2760, 3015,
 3032, 3033, 2542, 1766-1
 SB 260 Public Hearing
 SB 280 Public Hearing

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.

| TAPE/# | Speaker | Comments |
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| Tape 29, A | | |
| 003 | Chair Minnis | Calls the meeting to order at 8:10 a.m. |
| 004 | Bill Joseph | Committee Counsel. Introduces LC 411, 990, 1782, 1953, 2190, 2400, 2505, 2726, 2727, 2760, 3015, 3032, 3033, 2542, and 1766-1 (EXHIBITS A – O) |
| 080 | Sen. Burdick | MOTION: Moves LC's: 411, 990, 1782, 1953, 2190, 2400, 2505, 2726, 2727, 2760, 3015, 3032, 3033, 2542, 1766-1 BE INTRODUCED as committee bills. |
| | | VOTE: 4-0-2 |
| | | EXCUSED: 2 - Sen. Ferrioli, Sen. Walker |
| 083 | Chair Minnis | Hearing no objection, declares the motion CARRIED. |
| 089 | Chair Minnis | Opens a public hearing on SB 260 and SB 280. |
| <u>SB 260 & SB 280 PUBLIC HEARING</u> | | |
| 102 | Shawn Miller | National Association of Independent Insurers (NAII). Introduces Sam Sorich and Lamont Boyd. |
| 112 | Sam Sorich | NAII. Submits testimony and testifies in opposition to SB 260 that prohibits insurer from using credit history score of consumer applying for or renewing personal property or casualty insurance when making underwriting or rating decision (EXHIBIT P). Discusses the legal basis for insurance companies to use credit information. |
| TAPE 30, A | | |
| 003 | Vice Chair Burdick | Asks about the model used for factoring. |
| 020 | Sorich | Explains that the models used by insurance companies differ. |

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| 058 | Sen. Ferrioli | Refers to an email and asks how he could respond to it. |
| 084 | Lamont Boyd | Fair Issac & Company. Discusses the model used by Fair Issac. |
| 104 | Sen. Ferrioli | Asks for more information. |
| 105 | Boyd | Says he will make the information available. |
| 115 | Sen. Ferrioli | Asks about the weight of the credit score. |
| 134 | Boyd | Explains how it is used by his company. |
| 141 | Chair Minnis | Asks how many models are used by the insurance industry. |
| 144 | Boyd | Says there are many. |
| 154 | Sen. Ferrioli | Asks further about the weight of the credit information. |
| 161 | Sorich | Explains that it varies with companies. Says the use of credit information makes insurance rates more fare. |
| 187 | Sen. Walker | Discusses testimony given on Thursday. |
| 213 | Sorich | Explains what he recalls of the testimony. |
| 233 | Sen. Walker | Inquires about congressional action against Fair Issac & Co. |
| 239 | Boyd | Explains an action in California that never came to fruition. |
| 279 | Sen. Walker | Asks about the negative effects of credit inquiries. |
| 282 | Sorich | Says it is not true that a consumer's inquiry on his personal credit record has a negative effect. |
| 299 | Sen. Ringo | Wonders why insurance agents feel using credit information is an unfair practice. |
| 307 | Sorich | Explains that the companies have done a poor job of explaining to agents why credit information is important. |
| 335 | Sen. Ringo | Asks about large agencies that support the use of credit information. |
| 338 | Sorich | Gives the name of an agency in Washington. Asserts the use of the credit information is more fair. |
| 417 | Sen. Ringo | Asks what percentage of credit reports contain errors. |
| 422 | Boyd | Says between 2 and 4 percent contain errors. |
| 414 | Sen. Ringo | Questions the statistics. |
| 434 | Sen. Ferrioli | Asks what weighting of credit information is used specifically by his company. |
| TAPE 29, B | | |
| 052 | Eric Rosenberg | TransUnion Credit Co. Submits testimony and testifies in opposition to SB 260 and 280 (EXHIBIT Q). |
| 191 | Chair Minnis | Asks about legislative access to data. |
| 202 | Rosenberg | Says that the model is filed with the State Department of Insurance, and held in confidence. |

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| 210 | Chair Minnis | Contends the Department of Insurance is not overseeing the insurance models. |
| 242 | Sen. Ringo | Wonders why the model is not available to the consumer. |
| 257 | Rosenberg | Says better education is necessary. |
| 299 | Ronn Passmore | Rhodes-Warden Insurance. Submits testimony and testifies in opposition of SB 260 and SB 280 (EXHIBIT R) . |
| 370 | John Powell | State Farm Insurance. Introduces Arthur Parks, underwriting administrator for State Farm. |
| 388 | Arthur Parks | State Farm Insurance. Discusses their underwriting procedures. |
| TAPE 30, B | | |
| 046 | Sen. Walker | Asks if credit reports are used for renewals. |
| 049 | Parks | Says, not at State Farm. |
| 068 | Sen. Walker | Wonders what weight credit information is given to a new application. |
| 069 | Parks | Says approximately 20 percent. |
| 088 | Chair Minnis | Asks if credit information is used on property/casualty insurance. |
| 090 | Parks | Says not at this time. |
| 100 | Vice Chair Burdick | Asks about the issue between agents and the company. |
| 111 | Parks | Replies that he was not aware there was an issue. |
| 125 | Powell | Discusses the financial aspect of insurance company business. |
| 147 | Sen. Ringo | Wonders if the use of credit information is very profitable. |
| 156 | Parks | Says it is profitable because the loss ratio declines. |
| 180 | Powell | Discusses the complexity and importance of this issue. |
| 197 | Chair Minnis | Declares that there will be legislation coming from this committee on this issue. |
| 229 | Chet Peterson | Insurance Agent, Prineville, Oregon. Testifies in support of SB 260 and SB 280. |
| 403 | Sen. Walker | Asks if insurance rate can go down because of a good credit rating. |
| 417 | Peterson | Says it can, but typically, because of inflation, rates go up. |
| TAPE 31, A | | |
| 018 | Sen. Ringo | Asks for his recommendation. |
| 021 | Peterson | Says the practice should be banned. |
| 046 | Vice Chair Burdick | Asks for clarification of an example given. |
| 055 | Peterson | Gives an explanation. |
| 070 | Chair Minnis | Closes the public hearing on SB 260 and 280 for the purpose of introducing committee measures. |
| 073 | Bill Joseph | Committee counsel. Introduces LC's 1373-1 and 3034 (EXHIBITS S & T) . |

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| 085 | Vice chair Burdick | MOTION: Moves LC's: 1373-1, 3034 BE INTRODUCED as committee bills. |
| | | VOTE: 5-0-1 |
| | | EXCUSED: 1 - Sen. Ringo |
| 090 | Chair Minnis | Hearing no objection, declares the motion CARRIED. |
| 091 | Chair Minnis | Re-opens the public hearing on SB 260 and SB 280. |
| | | <u>SB 260 & SB 280 PUBLIC HEARING</u> |
| 092 | Delores Porch | Gresham, Oregon. Testifies in support of SB 260. |
| 197 | Kelsey Wood | Gordon Wood Insurance Agency, Roseburg, Oregon. Submits testimony and testifies in opposition to SB 260 and SB 280 (EXHIBIT U) . |
| 269 | Chair Minnis | Convenes as a subcommittee for the purpose of hearing testimony due to the lack of a quorum. |
| 279 | Steve Dixon | Oregon State Public Interest Research Group. Submits testimony and testifies in support of SB 260 (EXHIBIT V) . Says there are errors in credit reports. |
| 420 | Chair Minnis | Closes the public hearing on SB 260 and SB 280 and adjourns the meeting at 10:25 a.m. |

EXHIBIT SUMMARY

A – LC 411, submitted by staff, 9 pp
B – LC 990, submitted by staff, 3 pp
C – LC 1782, submitted by staff, 3 pp
D – LC 1953, submitted by staff, 3 pp
E – LC 2190, submitted by staff, 2 pp
F – LC 2400, submitted by staff, 3 pp
G – LC 2505, submitted by staff, 10 pp
H – LC 2726, submitted by staff, 7 pp
I – LC 2727, submitted by staff, 2 pp
J – LC 2760, submitted by staff, 2 pp
K – LC 3015, submitted by staff, 2 pp
L – LC 3032, submitted by staff, 2 pp
M – LC 3033, submitted by staff, 3 pp
N – LC 2542, submitted by staff, 14 pp
O – LC 1766-1, submitted by staff, 1 p
P – SB 260 & 280, written testimony submitted by Sam Sorich, 17 pp
Q – SB 260 & 280, written testimony submitted by Eric Rosenberg, 2 pp
R – SB 260 & 280, written testimony submitted by Ronn Passmore, 1 p
S – LC 1373-1, submitted by staff, 2 pp
T – LC 3034, submitted by staff, 2 pp
U – SB 260 & 280, written testimony submitted by Kelsey Wood, 1 p
V – SB 260 & 280, written testimony submitted by Steve Dixon, 3 pp