

## HB 2920

House Business and Labor Committee

2/22/2023

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Mr. Chair and Members of the Committee:

For the record, my name is Kelsey Wood, owner of Gordon Wood Insurance in Roseburg, Oregon. I am strongly opposed to HB 2920 which would ban use of credit score and other risk factors in auto insurance. I believe it would result in a less competitive auto insurance market and therefore offer less choices for all consumers.

Being an independent agent, I am not limited by contract to any one National Insurance Company. I am free to select from any number of independent contracting insurance carriers. Some I contract with are small insurance companies limited to part of Oregon, and some are regional insurers typically doing business in most of Oregon plus a few adjacent states, typically including Washington and/or Idaho. I also work with a few national insurers doing business in most of the United States.

Federal law allows companies to market to customers based on credit score alone. So, with the passage of HB 2920, large national insurance carriers with more resources would still be able to market to people with the highest credit, while smaller carriers – many of whom independent agents represent – which have fewer resources would have less ability to do that kind of marketing. Smaller insurance companies, because of size and market share, simply do not have the marketing power to compete against large national insurers who are able to target their marketing efforts to the most profitable consumers and avoid more costly consumers.

The use of credit score by insurers (known as Financial Responsibility Scoring) levels this playing field, allowing small and regional insurers to identify and best calculate the most appropriate rate for all consumers. By using Financial Responsibility Scoring, these insurers can be attractive to lower risk consumers by identifying the right rate and avoiding adverse selection. By taking away that rating tool with HB 2920, higher risk consumers would obtain lower rates and those consumers with lower risk would see their rates rise. This would cause an excess loss ratio to the insurance company.

I enjoy having a large variety of insurance carriers to offer my consumers, which includes small, medium, and large insurers. The use of Financial Responsibility Scoring levels the playing field by better identifying higher risk and lower risk consumers. Thus, my smaller insurance companies can compete with large national insurers. Without this tool to better identify the level of risk, my small insurers lose to targeted marketing by larger insurance companies, allowing for a less competitive, generally higher cost insurance marketplace in Oregon.

The committee needs to consider what happened in Washington State, where a ban on credit score was imposed by rule. Many insurance consumers saw their premium prices increase significantly.

I urge you to vote “NO” on HB 2920. Thank you. I am happy to answer any questions.

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