

## Lauren Rasmussen

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**From:** Heal, Cindi <CindiHeal@allstate.com>  
**Sent:** Wednesday, February 10, 2016 9:23 PM  
**To:** Sen. Charlie Huggins  
**Subject:** Thank you for sponsoring the Insurance Credit Use Bill

Senator Huggins--Thank you for sponsoring the Insurance Credit Bill. As a consumer I applaud you understanding the validity and importance of Insurance rating factors being much more complex than many people think they are. Ironically my clients who benefit from the use of credit understand instantly that they deserve a reward for being the "best risk" an Insurer can have.

I wish things could have been handled with the last version of the bill....hopefully this one will be a win for us all!

I know you have likely gotten several emails about the Insurance credit bill. I hope things have been going well for you. My parents moved from Huntington Park in Anchorage to Palmer shortly after I graduated and I purchased my Dad's Allstate Agency almost 20 years ago.

I feel like over the last several yeears I've become the local guru and constant proponent of the ways we use could use credit and it is a benefit to all consumers on a permanent basis; except that the way we can use credit is currently broken. At Allstate we are always a step ahead in being compliant. I know other companies have found ways around removing credit from the strategy used to determine a rate (which is a lot more than a credit indicator.) We built a model at Allstate that takes into account whether or not you have prior insurance, how long that insurance has been in force with no lapses, the prior liability limits that you carried, your driving record and a long list of other components.

When we were first given the green light to use this system we had no idea someone would change the rules on us and NOT REWARD our best customers who are Alaska's best citizens and constituents by requiring that we remove the credit component from their rates.

The removal of credit created a formula that will just be an example...I am unsure if anyone will have described it this way or not; but it is the way I easily have conversations before we order Loss Information history, credit and driving records at my agency.

We will order reports and initially we set up a better rated policy for our best customers who had lower premiums that reflected in part their good driving habits. Responsible drivers are responsible in many ways. Our rating plan was meant to reward drivers life long; not to dangle a lower rate for just one six month period and then have to take a large rate increase so you could help subsidize the cost of someone who wasn't such a good insurance citizen. Initially we used 1-5 as the lowest rated tier. 1 being the best score when we combine 33 rating factors (or so) that created an incredible actuarial picture that is a pretty good predictor of what our experience will be with a given household based on the insurance score makeup (one component is credit.) By requiring us to remove credit at the first renewal we were forced to take away the good "score" of 1 that gave the consumer who had diligently earned a better rate than some others to be put in a "land of in-between" averaging the score of all the people in the rating group they were in.

Long story short; the people who the best score (the lowest score in Allstate's case) are paying higher rates and subsidizing the rates of people who are not the best risk and do not deserve the best rate.

It is an incredible and rewarding feeling to let someone know that when we know they have a positive score they deserve the best rate. People who are good credit citizens are elated every time; they understand that their diligence pays off in every aspect of life. We use credit scoring for auto and home policies. It makes sense that the person who saves and owns a home and can maintain the property is a better homeowner's risk for an insurance company than the person who just barely makes it choose not to save for necessary home repairs that create fewer homeowners losses.

It became a necessary but terrible feeling to call my very best clients who I have known since I was a kid; helping them at my Dad's first office in Anchorage that because of one decision we had to charge them more and no longer charge them fairly for their individual loss experience.

It came up at one point when the bill was blocked that using credit was "discriminatory." Insurance is discriminatory. We base our rates on each individual's experience. The person who has no insurance, causes an accident and gets a DUI should always pay more. The person who takes care of the "insurance house" just like they should everything else; in a responsible manner.

Things were fair and appropriate when we filed our rates and rating plan with the division of insurance fully disclosing the fact finding mission we had gone on as a company to come up with a more equitable and fair way to charge consumers. The better the risk; the better the rate.

When credit was "stripped" (removed) from my own auto policy my rate went up \$350 each six months....yes; credit is that big of a predictor. My home insurance went up by \$225 per year.

I thank you for your support. Call me any time at my office or on my cell 907-230-1026 if you ever need anything.

Respectfully, Cindi Heal-Harsh, Palmer Alaska

(the place we love to call home and truly wish it would snow on the ground....not just the mountains!)

*Make your appointment today! **SHOW YOUR LOVE** for your family by protecting them with life insurance. We will have Allstate guest Karen Hutton here from February 14th -2 1st reserve your spot to learn more about life insurance and protecting your assets today. She has been working with me in this area for more than 20 years; we can accommodate appointments at our office or your chosen meeting place.*



**Cynthia Heal-Harsh**

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*I can help protect the things that matter most.*



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We started a new program for you, our valued customers. Each time you have that you recommend that your friends and family call or stop in for a quote if they mention your name we will mail you a \$10 gift card. The best thank you we can have from a satisfied client is a recommendation to a friend or family member.

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