

SENT VIA EMAIL: Senator.Mia.Costello@akleg.gov
Senator.Shelley.Hughes@akleg.gov; Weston.Eiler@akleg.gov

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Honorable Mia Costello, Chair
Honorable Shelley Hughes, Vice Chair
Honorable Members of the Senate Labor and Commerce Committee
Alaska Legislature

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RE: [SB 98A](#)—*Insurer's Use of Credit/History Scores*

Dear Chair Costello, Vice Chair Hughes, and Members of the Committee:

I am writing on behalf of State Farm Mutual Automobile Insurance Company (State Farm) in support of [SB 98A](#) relating to an Insurer's Use of Credit/History Scores at renewal.

Existing law allows insurers to consider certain credit factors when a new policy is issued. Alaska, however, is the only state that requires insurers to strip the credit information at renewal unless the consumer signs a written waiver requesting their credit be used. [SB 98A](#) permits insurers to use credit factors at renewal, thereby allowing Alaska consumers, our customers, to continue to receive the rates they deserve and not face unexpected, and often significant, rate changes when their policy renews. As [SB 127](#), this bill passed overwhelming last year, but was vetoed by Governor Walker because of concerns that are addressed to his satisfaction in [SB 98A](#).

- [SB 98A](#) benefits Alaskans because they will no longer be required to provide written consent at each policy renewal.
- [SB 98A](#) adds new consumer protections. It requires insurers to make reasonable exceptions for Alaskans whose credit factors are impacted by *extraordinary life circumstances* (ELC) such as a catastrophe; a serious illness or injury; death of a spouse, child or parent; divorce; identity theft; employment loss; or overseas military deployment.
- In addition, and new to the bill this year, [SB 98A](#) adds an important new protection that allows consumers to appeal an ELC determination to the Director of Insurance. This means that a consumer will be able to have the State's insurance regulator review any denials of an ELC exception. The bill also requires insurers to give consumers notice of this right.
- Under [SB 98A](#), the insurance market will be more stable and efficient because consumers will not be compelled to leave their preferred insurer and policy solely because their rates increased due to the removal of credit information at renewal. They will be able to stay with their insurer and take advantage of benefits such as long-term customer discounts.
- [SB 98A](#) will eliminate the unique and unnecessary problems currently confronting Alaskans, which are compounded by the state's geographic size and diverse rural areas.

Thank you for considering these comments. Please let me know if I can help with any questions.

Sincerely,



Robert R. Nash, Counsel

cc: Sheldon Winters, Esq. (via email)