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Details:

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2007-08

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on ... Insurance (AC-In)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**
- Record of Comm. Proceedings ... **RCP**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt**
- Clearinghouse Rules ... **CRule**
- Hearing Records ... bills and resolutions
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

August 10, 2007

CEO David R. Anderson
American Family Insurance
6000 American Parkway
Madison, WI 53783

File w/ Bill

AUG 14 2007

AB 387
Folder

RE: CREDIT SCORING ON HOMEOWNER'S INSURANCE

Dear Mr. Anderson:

For the past several years we have insured our home and cars with American American Family. During that time, we have been claim-free, always paid our premiums on time, and remained loyal to you, even when constantly solicited by many other companies.

In 1995 my wife, Helen, was diagnosed with breast cancer. It was successfully treated, until April, 2002, when it returned, metastasized to her spinal cord. This advanced cancer is considered treatable, but not cureable. Our average monthly medical bills are in excess of \$20,000, the result of chemotherapy every two weeks, MRI's, etc. She is treated at the Marshfield Clinic in Marshfield.

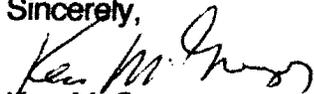
We are fortunatel to have Blue Cross Blue Shield, which costs \$630 per month, and still does not cover everything. With weekly blood draws, and other deductibles and co-payments, our medical bills have adversely affected our credit score, increasing our homeowner's insurance with you by \$200.00 in October, 2007. We feel this is unfair.

Our current credit score is a direct result of medical bills we could not and did not anticipate. This unfortunate situation, however, does not make us bad people, or people deserving of being penalized by a company who writes and insures so many Wisconsin residents.

The residents of Wisconsin deserve better treatment than American Family is giving us. We should not be portrayed as potential criminals in order to satisfy your "bottom line".

Wisconsin has always been a leader in looking out for its citizens. American Family should reconsider this new underwriting practice and issue an apology to all of us.

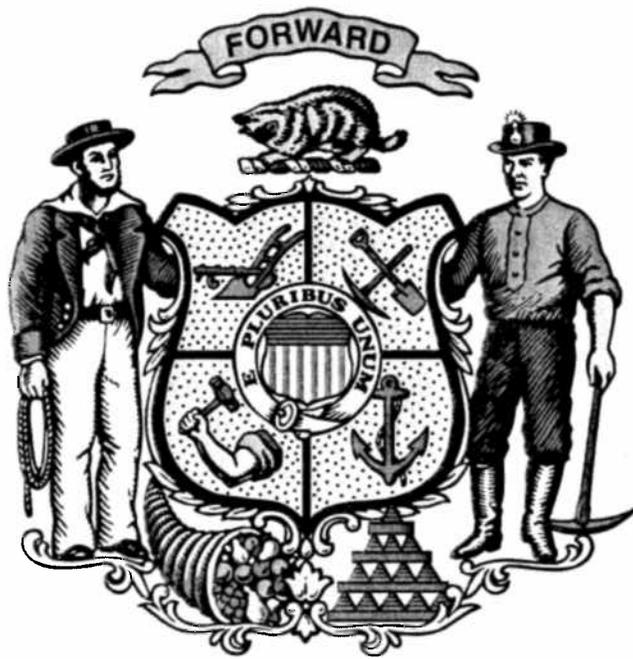
Sincerely,



Ken McGregor
801 N. Menominee River Road
Florence, WI. 54121
email: ken@mrsmcgregor.org

Homeowners Policy # 48BV-7669-01-01-PHO3-WI

CC Wisconsin Commissioner of Insurance, PO Box 7873, Madison, WI. 53707
Senator Roger Breske, State Capitol, PO Box 7882, Madison, WI. 53707
Rep. Frank Lasee, State Capitol, PO Box 8952, Madison, WI. 53708 ✓
Rep. Terese Berceau, State Capitol, PO Box 8952, Madison, WI. 53708
Rep. Jeffrey Mursau, State Capitol, PO Box 8953, Madison, WI. 53708



OCT 17 2007

October 16, 2007

Gary Morris
Insurance Examiner
State of Wisconsin Office of the Commissioner of Insurance
PO Box 7873
Madison, WI. 53707

AB 387
Folder

FILE NO. 191360

Dear Mr. Morris:

Thank you for acknowledging my recent correspondence concerning Credit Scoring on Homeowners Insurance.

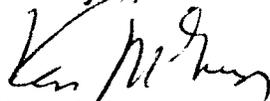
This December I will be 70 years old.

It seems a shame to me that the State of Wisconsin would allow Insurance Companies like American Family to profiteer on Senior Citizens who have huge medical bills. (And no claims on their insurance.)

Is this the way you would like to have your parents treated?

I hope this matter is pursued by the Commissioner of Insurance and does not allow this to continue.

Thank you,



Ken McGregor
801 N. Menominee River Road
Florence, WI. 54121
ken@mrsmcgregor.org

PS Our medical bills last month with the Marshfield Clinic were in excess of \$40,000. This month it will be the same. (New Chemo)

C C

Senator Roger Breske , State Capitol, PO Box 7882, Madison, WI. 53707
Rep. Frank Lasee, State Capitol, PO Box 8952, Madison, WI. 53708
Rep. Terese Berceau, State Capitol, PO Box 8952, Madison, WI. 53708
Rep. Jeffrey Mursau, State Capitol, PO Box 8953, Madison, WI. 53708
David Anderson CEO American Family Insurance
6000 American Parkway, Madison, WI. 53783



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Sean Dilweg, Commissioner

Wisconsin.gov

October 11, 2007

Bureau of Market Regulation
125 South Webster Street • P. O. Box 7873
Madison, Wisconsin 53707-7873
(608) 266-3585 • (800) 236-8517
Fax: (608) 264-8115
E-Mail: ocicomplaints@wisconsin.gov
Web Address: oci.wi.gov

KEN MCGREGOR
801 N MENOMINEE RIVER RD
FLORENCE WI 54121

Re: Our File No. 191360

Dear Mr. McGregor,

I am writing to give a status update regarding the complaint you filed with our office. I want to apologize for not getting back to you prior to this time. Due to circumstances beyond my control, the review process has taken an unacceptable amount of time.

We have received many complaints about the issue you wrote about. About a month ago, we had the insurance come in for discussions.

I will be writing you again in the near future.

Sincerely,

Gary C. Morris
Gary C. Morris
Insurance Examiner
Bureau of Market Regulation

August 10, 2007

CEO David R. Anderson
American Family Insurance
6000 American Parkway
Madison, WI 53783

RE: CREDIT SCORING ON HOMEOWNER'S INSURANCE

Dear Mr. Anderson:

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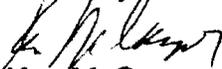
We are fortunate to have Blue Cross Blue Shield, which costs \$630 per month, and still does not cover everything. With weekly blood draws, and other deductibles and co-payments, our medical bills have adversely affected our credit score, increasing our homeowner's insurance with you by \$200.00 in October, 2007. We feel this is unfair.

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Sincerely,



Ken McGregor

801 N. Menominee River Road
Florence, WI. 54121
email: ken@mrsmcgregor.org

Homeowners Policy # 48BV-7669-01-01-PHO3-WI

CC Wisconsin Commissioner of Insurance, PO Box 7873, Madison, WI. 53707
Senator Roger Breske, State Capitol, PO Box 7882, Madison, WI. 53707
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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Sean Dilweg, Commissioner

Wisconsin.gov

November 20, 2007

Bureau of Market Regulation
125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
(608) 266-3585 • (800) 236-8517
Fax: (608) 264-8115
E-Mail: ocicomplaints@wisconsin.gov
Web Address: oci.wi.gov

MICHAEL SCHRANK
110 MUELLER LANE
RANDOM LAKE WI 53075-1651

AB 387
File

Re: Our File No. 193328

Dear Mr. Schrank:

Thank you for completing the complaint form regarding your concerns with insurers using your credit information to underwrite or rate your insurance.

We are aware that many insurance companies use credit information, often in the form of an insurance score, as one factor in selecting and pricing risks. Currently, Wisconsin does not have a specific law that would prevent the use of credit in determining insurance prices. However, in 1997, this office issued a Bulletin, copy enclosed, on the use of credit information to all insurers pointing out how the statutes affect the use of credit information. It explains that credit information should not be used as the sole reason to deny or cancel personal lines insurance products.

We also developed an information sheet for consumers titled Understanding How Insurance Companies Use Credit Information. I am enclosing the sheet for your convenience. I hope it is helpful.

The use of credit or insurance scores is a national issue. A number of state insurance departments are reviewing the issue and some now have specific laws about the use of credit information and credit scoring. Most of those laws include a statement similar to the one made in the Wisconsin 1997 Bulletin.

Both the Wisconsin Senate and Assembly have bills that have been introduced regarding limiting and/or prohibiting the use of credit for underwriting and rating insurance policies. The Senate bill is SB 259 and the Assembly bill is AB 387. I am attaching lists of both committees responsible for these bills. You may wish to contact these committee members to voice your support for the bills.

This office is monitoring complaints received concerning this issue. Additional review and discussion of this topic might assist the consideration of what actions might be taken in the future.

I hope this further explanation and information is helpful. If you have further questions or concerns, feel free to contact me at the address shown above.

Sincerely,

Rhonda Peterson, CPCU, CIE, AIC, HIA
Property and Casualty Section Chief
Bureau of Market Regulation

RP
Enclosures



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110 Mueller Lane
Random Lake, WI 53075-1651
920-694-1306
aschrank@wi.rr.com

Michael G Schrank

November 27, 2007

Representative Frank Lasee
Second Assembly District Wisconsin
P.O. Box 8952
Madison, WI 53708

Cc: Senator Jon Erpenbach
Senator Kathleen Vinehout
Representative John Nygren

AB 387
Folder

To Whom It May Concern:

I hope you can put some control on insurance companies. We are sick and tired of paying these ridiculous rates for our cars and even our home. There has to be a better system on how to charge for insurance, or stop letting them use a credit score all together.

Respectfully,



Michael G Schrank
Machinist, Programmer

.....



.....

110 Mueller Lane
Random Lake, WI 53075-1651
920-694-1306
aschrank@wi.rr.com

Michael G Schrank

November 27, 2007

Rhonda Peterson, CPCU, CIE, AIC, HIA
State Of Wisconsin
Office of the Commissioner of Insurance

Re: Re: Your file number. 193328

Cc: Senator Jon Erpenbach
Senator Kathleen Vinehout
Representative Frank Lasee
Representative John Nygren

AB 387
Folder

To Whom It May Concern:

I do not want to try to make excuses for our poor credit, but it is necessary to make my point clear.

In the early 90's, my wife to be and I were living comfortably in an apartment, building our credit like most Americans do. We got married in 1992, went on our Honeymoon and then went back to work. The day I went back I was told I was being permanently laid off from my 14 dollar an hour job that I had been working at for 10 years. After exhaustive searching for another job that paid close to that I was forced to take a job for 8 dollars an hour in the same field. The Printing Industry was going downhill at that time and I lost that job which led to our first bankruptcy. I found another job as a Machinist Trainee for 8 dollars an hour. I was successful there and moved up gradually to a point where I was making 16 dollars an hour at The Orion Corp. We were able to build a house and start bringing our credit back to normal. We were given credit of many thousands of dollars and were once again living comfortably. This company refused to clean their coolant tanks periodically and after working there 7 years I developed a severe allergic reaction to their filthy coolant tanks. I was missing a lot of work because of migraine headaches and other sinus problems. I ended up having sinus surgery and missed another couple months of work. Their low paying disability pushed us into another bankruptcy in 2005. I switched jobs again to work for Bucyrus Inc. This job pays 22 dollars an hour with incentives. We thought this was going to be the top of the hump. There, I fell and injured my back and knee, and now have been medically laid off since October of 2006. I am battling with Workers Comp. to get a fair settlement. The COPAY on my medications is 168 dollars a month. We are now close to losing our home. When I was working, I was expected to give heartily to United Way. Where is the help for us now?

Here is the point. Through all this, we have never had an accident, or a claim for anything pertaining to irresponsibility. Our driving records are clean except for a speeding ticket years past. There will have to be legislation to make exceptions for these rulings. According to how I understood your letters, the insurance companies can pretty much do what ever they want. To profile people in a group just by looking at a number is TOTALLY unfair. Michael Moore put it so eloquently "Keep the people poor, uneducated and fearful of the Government and it will break their will and will keep them silent. I may be becoming poor but I am not stupid or scared of the Government

.....

November 27, 2007

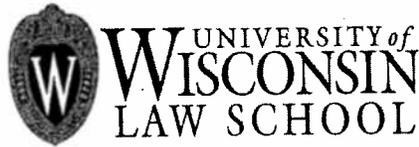
Page 2

Accidents do happen and we have been fortunate that we have not had any. We should be treated fairly because of our good driving record and responsibility. We are getting screwed because we were unfortunate in our life with things that we had no control of.

Respectfully,

Michael G Schrank
Machinist, Programmer





CONSUMER LAW LITIGATION CLINIC

November 28, 2007

Dear Members of the Assembly Insurance Committee,

Thank you for the opportunity to provide written testimony on the issue of using credit report information to determine auto and property insurance premiums, which would be prohibited by AB 387.

We are writing to you of behalf of the Consumer Law Litigation Clinic at the University of Wisconsin Law School. The Consumer Law Litigation Clinic (CLLC) represents low-income Wisconsin residents in matters related to their legal rights as consumers. Additionally, we educate consumers about their rights and provide input to lawmakers about the possible effects of legislation on Wisconsin consumers.

The CLLC is concerned about the use of credit reports in determining insurance premiums or as part of a ratings plan. We believe this practice harms consumers for several reasons.

First, credit reports are irrelevant to the determination of risk because no causal relationship has been shown to exist between the two. Credit reports are generated to assist in determining a person's "creditworthiness". They contain information about a person's credit card experiences, bill-paying history, number and types of credit cards, outstanding debt, credit inquiries, and number of accounts, among other things. Credit reports do not consider risk factors related to insurance, such as likelihood of an incident requiring insurance coverage. However, these are precisely the factors insurance premiums are meant to reflect. Using a credit report as a basis for determining insurance premiums is analogous to using a golf score to determine a grade point average.

Second, lower income consumers bear the brunt of insurers' use of credit reports in underwriting. Less wealthy people tend to have lower credit scores and higher rates of claims than wealthier consumers. The wealthier a consumer is, the more able he or she is to absorb a loss instead of filing a claim. And because wealth is correlated with race, using credit reports as a basis for underwriting has a discriminatory effect on lower-income consumers, a disproportionate number of whom are African American or Latino. Permitting a practice with such disparate repercussions on low-income and minority consumers is bad public policy.

Indeed, studies have shown that credit scores, which are considered numerical indicators of the information in credit reports, are heavily influenced by minority group status.

Assembly Insurance Committee
November 28, 2007

Studies from Freddie Mac¹, Fair Isaac², University of North Carolina³, the Federal Reserve Board⁴, the Joint Center for Housing Studies at Harvard University⁵, and the Brookings Institution⁶, among others, all indicate that African Americans and Latinos tend to have low credit scores at a much higher rate than Whites. Conversely, white consumers tend to have good credit scores at a much higher rate than African Americans and Latinos. Further, credit scores seem to be “path dependent”, meaning that low scores tend to decline and good scores tend to increase. In other words, it is difficult for a person with an existing low credit score to substantially raise their score. Thus, the disparity in credit scores between white consumers and minority consumers will continue to grow. Linking insurance premiums to these divergent credit scores will result in disproportionately higher rates for African American and Latino consumers.

Finally, the CLLC also opposes the practice of using credit reports for insurance purposes because credit reports commonly contain errors. A 2004 report by U.S. PIRG (the federation of state Public Interest Research Groups) stated that 79% of credit reports surveyed contained some kind of error, with 25% containing errors so serious they could result in a denial of credit.⁷ These errors often go unnoticed, and most frequently occur in the credit reports of people with common names (e.g. Jane Smith) or those who have been victims of identity theft. Errors on credit reports can have significant detrimental effects on a consumer’s financial affairs. Using an unreliable financial instrument as the basis for determining insurance premiums is unfair – and potentially financially disastrous - to those who are denied an insurance-related benefit because of a credit-related error. The people most negatively impacted by this practice are those consumers who are already “on the edge” financially. It is bad public policy to permit a determination with such potentially disastrous consequences to be based on erroneous information.

Insurance companies justify using credit reports in underwriting by pointing to a correlation between credit scores and loss experience. A 2003 study commissioned by the insurance industry indicated that the number of claims filed and the average dollars of

¹ Freddie Mac, *Automated Underwriting: Making Mortgage Lending Simpler and Fairer for America's Families*, September 1996, at 27.

² Fair, Isaac & Co., *The Effectiveness of Scoring on Low-to-Moderate Income and High-Minority Area Populations*, August 1997.

³ Roberto G. Quercia, Michael A. Stegman, Walter R. Davis and Eric Stein, *Performance of Community Reinvestment Loans: Implications for Secondary Market Purchases*, in *Low Income Homeownership: Examining the Unexamined Goal* (Nicolas P. Retsinas and Eric S. Belsky, eds. 2002), at 363: Table 12-7.

⁴ Robert B. Avery, Paul S. Calem, and Glenn B. Canner, *Credit Report Accuracy and Access to Credit*, Federal Reserve Bulletin, Summer 2004, at 313 (Table 2).

⁵ Raphael W. Bostic, Paul S. Calem, and Susan M. Wachter, *Hitting the Wall: Credit as an Impediment to Homeownership*, Joint Center for Housing Studies of Harvard University, February 2004.

⁶ Matt Fellowes, *Credit Scores, Reports, and Getting Ahead in America*, Brookings Institution, May 2006.

⁷ U.S. PIRG, *Mistakes Do Happen: A Look at Errors in Consumer Credit Reports*, June 17, 2004, <http://www.uspirg.org/home/reports/report-archives/financial-privacy--security/financial-privacy--security/mistakes-do-happen-a-look-at-errors-in-consumer-credit-reports>.

Assembly Insurance Committee
November 28, 2007

loss per insured increased as a credit-based insurance score decreased.⁸ This study was limited to private passenger automobile insurance, and by its own admission does not indicate causation or even explain the correlation between credit scores and insurance claims. However, insurers sometimes posit a “moral person” hypothesis, which suggests that a person who is “reckless” with credit may also be reckless in the rest of their matters. This theory disregards the negative impact on credit scores caused by such unreckless factors as youth, renting instead of buying a home, using cash for purchases, outside credit checks, illness, job loss, divorce, or other financial crises. It is an overbroad generalization that poor credit is the result of “reckless” management of finances.

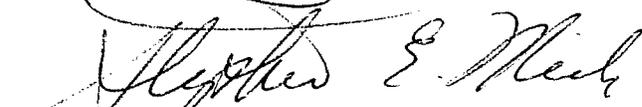
Adequate insurance coverage is a safeguard against accident or unexpected incident. Credit reports do not provide information about the likelihood of either of these occurrences. A poor credit score does not make a consumer more likely to have an accident or incident, and it certainly does not cause an accident or incident. Thus, using this information, which may be erroneous, as a basis for determining the affordability of insurance coverage is illogical at best, and racially discriminatory, at worst.

The Consumer Law Litigation Clinic opposes any practice that unfairly impacts Wisconsin consumers. Using credit reports as a basis for determining insurance premiums is such a practice.

Very truly yours,



Emily Cannon
Student Attorney



Stephen E. Meili
Director

⁸ Michael J. Miller and Richard A. Smith, *The Relationship of Credit-Based Insurance Scores to Private Passenger Automobile Insurance Loss Propensity*, EPIC Actuaries (June 2003).



CONSUMER LAW LITIGATION CLINIC

November 28, 2007

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Indeed, studies have shown that credit scores, which are considered numerical indicators of the information in credit reports, are heavily influenced by minority group status.

where do they get the data? ask them.



Rasmussen, Debra

From: PATTY STOCKDALE [ppstockd@wisc.edu]
Sent: Wednesday, December 19, 2007 9:34 AM
To: Lasee, Frank; Erpenbach, Jon; Rep.Berceau
Cc: kingj@fish-ins.com; gaylerose.martinez@ces.uwex.edu
Subject: Stop practice of using credit reports to raise insurance rates

Frank.Lasee
Jon.Erpenbach
WI Government

AB 387
File

Dear Congressmen,

Please support State Representative Terese Berceau efforts and legislation to stop the insurance industry's ability to tie credit scores to insurance rates. I have fallen victim to higher insurance rates this renewal year when my house insurance increased from \$440 to \$550 with no additional coverages.

I have excellent credit. However, my auto and house insurance rates increased because of some spurious interpretation by my insurance company (now Acuity, was Safeco) that my credit standing had weaknesses. I do not have frivolous debt (AKA many credit cards). Recently, however, I shopped for financing for my \$25,000 new roof and the insurance report said I had too many inquiries to my credit. The insurance report also said that my accounts were not long-term. My newest account started in 2004 while my account with my insurance agent began when I bought my house in 1993. The final punch was that the insurance report said that even if I didn't have these weaknesses that my insurance might be higher anyway. Why is that and how can insurance companies get away with saying that?

If someone cannot afford to live from their wages and must rely on credit card debt to live*, what right do insurance companies have to raise rates based on poor credit. They create a situation where important services become unobtainable due to increasing prices. What does credit rating have to do with driving and homeownership? To answer my own question one connection is that many mortgage holders require owners to escrow for house insurance. When the higher bill is submitted to the insurance company, the bill is automatically paid. This is very crafty of the insurance companies to raise profits.

I have not had any tickets or accidents and no claims. There is no reason for my insurance rates to increase.

Patty Stockdale
298-0843

* I do not recommend anyone live on credit cards, but they are very assessable for most anyone to "pay" bills.



Dec. 21, 2007

Pamela M. Buboltz
American Family Insurance
1028A Indiana Ave.
Sheboygan, WI 53081

Handwritten notes in circles:
- Top right: AB 387 ?
- Middle: In AB 133 folder but topics do not match up
- Bottom left: AB 133 ?
- Arrows point from the top circle to the middle circle, and from the middle circle to the bottom circle.

Dear Ms. Buboltz,

I consider myself a responsible property owner, substantially interested in business practices and government operations at all levels.

I received notice today from American Family Insurance stating they will begin using people's credit reports as an aid in determining premiums for homeowners insurance.

I have no idea what my credit rating is, nor do I care. I carry no debt, my bills are all paid in full to insure no interest charges on balances, and payment is never late. I am considered a "deadbeat" in the world of credit extenders, and I love every bit of it. Saying that, it is highly unlikely that I will experience any adverse credit rating impact on any of my insurance costs.

Coincidentally, on this same day, I read a letter to the editor (enclosed) from the Sheb. Press from State Rep. T. Berseau informing us of this wrongful practice being used by insurance companies, and urging me to help by contacting Sen. Erpenbach and Rep. Lasee, both Chairs of committees who could favorably impact the efforts of Rep. Berseau.

Digressing for a moment: If those with a bad credit rating would thereby incur a higher premium to keep their policies in force, someone like myself could surely expect a reduction in my premiums, but I'm sure that will not happen. It is more likely that the additional revenues will be used for a more magnificent edifice for management to work from, or an obscene increase in their bonuses.

I could be thankful that American Family Insurance has given me this 3 month fore-warning, giving me time to find another company who may still have proper procedures in place, but I fear that industry standards are simply industry standards...all of which will keep me busy creating and sending letters such as this to those who could get this world back on the right track.

Richard W. Hartmann

CC: Rep. T. Berseau, Sen. J. Erpenbach, Rep. F. Lasee

Stop using credit reports to raise insurance rates on Wisconsin drivers

You're the world's best driver: no tickets, no accidents, no insurance claims. The average person might imagine that such a stellar record would translate into lower car insurance premiums. That used to be true, but it isn't anymore. Wisconsin insurance companies have begun using people's credit reports to set their premiums, or even deny them coverage.

I've introduced legislation to prohibit this practice, which applies to homeowners' insurance, too.

It will probably not come as a surprise that people with lower credit scores often have tighter budgets than those with higher scores.

Under current law you could be poor; a great driver, but perhaps thanks to some overdue medical bills or other expenses you are targeted by insurance companies to pay more than your wealthy neighbor with the same driving record.

That's unfair and it defies common sense about how insurance is supposed to work. All drivers are at risk of incurring damages related to

driving. We buy insurance to protect us from those damages.

If we are less likely to be the cause of such damages (and become claimants), we ought to pay less than those who do cause damage (either by reckless driving or by a pure accident).

Car insurance companies should be judging us on our driving behavior, not how we use our Visa or MasterCard. But my bill is not going to move out of its committee without public pressure.

If you would like to express your views on this matter, it would be helpful to contact the chairs of the legislative committees who decide the fate of insurance bills such as this one: Rep. Frank Lasee in the Assembly (Frank.Lasee@legis.wi.gov) and Sen. Jon Erpenbach in the state Senate: (Jon.Erpenbach@legis.wi.gov).

12-21-07
TERESE BERCEAU
State Representative
76th District
Madison

AMERICAN FAMILY INSURANCE GROUP

6000 AMERICAN PKWY * MADISON WI 53783-0001 * PHONE: (608) 249-2111

DECEMBER 19, 2007

+0000763 064-030
HARTMANN, RICHARD W
2423 N 23RD ST
SHEBOYGAN, WI 53083-4448

IMPORTANT NOTICE REGARDING YOUR POLICY PLEASE KEEP THIS NOTICE WITH YOUR POLICY

Policy Number	Renewal Date
48DT-9555-01	03-29-2008
Policy Issued By	
AMERICAN FAMILY MUTUAL INSURANCE COMPANY	
Named Insured(s) as Listed on the Declarations Page	
HARTMANN, RICHARD W	

Dear Policyholder(s):

Thank you for choosing American Family Insurance for your insurance needs. We appreciate your business and want to keep you informed of a change in our practices that may affect your premium determination.

We routinely gather information needed to provide you with quality services at fair prices. We order consumer reports, such as insurance loss history reports from various reporting agencies. These reports may assist in determining your eligibility for insurance and the price you may be charged. Consumer reports may be used for updates, renewals, or extensions of this insurance.

As the first named insured listed on your policy, this notice is being sent to you. It is important that all of the named insureds listed on the declarations page of your policy are made aware of the following information. As part of your upcoming renewal, additional consumer reports will be obtained. We will be ordering credit information. We may use a credit-based insurance score based on the information contained in credit report(s). We may use a third party in connection with the development of the insurance score. This credit information may assist in determining the price you are charged for your insurance.

For more information, please visit our website at www.amfam.com or contact your American Family Agent. Thank you again for choosing American Family Insurance for your insurance needs.

PERSONAL LINES OPERATIONS

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