

**From:** Melissa Meyer  
**Sent:** Monday, July 19, 2004 1:31 PM  
**To:** FACTAscoringstudy  
**Subject:** Insurance scores are unfair

Hello:  
My comments are as follows:

Insurance scores open the door for unscrupulous agents and companies to abuse their clients. My own case, and that of my neighbor's, illustrate two methods for abuse:

1. My neighbor decided to change insurance companies. She found a better quote from a competitor. Her original insurance company called her up. They told her that they had been charging her rates based on her husband's insurance score, but since her score was higher than his (because he was a doctor with large student loans outstanding which lowered his score tremendously), they would now charge her rates based on her own insurance score. They lowered her rates by over 40%!!! Which means that for 4 years they had been over-charging her 40%. On top of that, her husband is a top wage-earner and has otherwise great credit - just the negative of his student loans caused his insurance score to raise his rates. Why in the world should you be charged more insurance premium simply because you owe money on a loan that was given to you because you were a GOOD CREDIT RISK in the first place??? That is highly unfair.

2. I have a house that is the same as my neighbor's. The insurance company is the same. The property value is the same. We are paying different insurance premiums. OK - the risk is the same for the insurance company, but why are we paying different premiums on the house insurance??? Because of the insurance score. I called my agent and he told me that he has pulled my insurance score every year and raised or lowered my rates accordingly. It turns out that every inquiry lowers my score, too, so his doing this makes my insurance rates go up anyway. But I am the primary on my homeowners insurance, while my husband - who has a much higher credit rating than I do - is not. I asked the agent to put my husband as primary and reduce the rates. The insurance agent tells me that we have the identical insurance score. He said that he got the score from TransUnion. I called TransUnion. They told me that we do NOT have the same insurance score. However, the insurance company can adjust the scores to meet their own market needs. Does that sound fair? I think that this is highly discriminatory. Looking at what the insurance scores include - age (our age is the same), location (we live together), credit score (his is 100 points higher than mine) and gender (he's male, I'm female) - this insurance score can easily be used to discriminate on items that have nothing to do with credit risk.

3. OK - now let's look at a hypothetical situation. You have someone with a decent, but not perfect, credit rating. That person goes out to purchase a home. The house includes a need for a construction loan so the person has a credit inquiry and new loan. Then, the home is built and the closing is approaching, so the insurance agent is given an insurance score that has just been lowered (inquiries and construction loan), and so the agent can raise the premiums based on nothing more than the standard process that a person MUST go through in order to purchase the house in the first place.

I think that this practice should be made illegal immediately.

Sincerely,  
Melissa Meyer