



June 2021

Dear CTIA friends and clients,

We're reaching out to update you on a new statewide insurance mandate that may impact the cost of your protection plan in the coming months.

Recently, Washington State Insurance Commissioner Mike Kreidler issued an emergency order temporarily prohibiting insurers from using credit scores as a rating factor to help determine premiums and eligibility for coverage. **This is a statewide order impacting all carriers throughout Washington currently extending discounts based on credit scores.**

More than likely, many of our individual policyholders will not be impacted by this comprehensive change to insurance rating in the State of Washington. The emergency ban will go into effect on June 20, 2021, so any changes to renewing policies will be seen on renewal notices sent after that date. Some may see rate decreases and others may see increases.

As part of our commitment to transparency and advocacy for your best interests, we are sharing the following information about the credit scoring ban to ensure that you know how and why it is being implemented by the state, as well as what it may mean for you in the coming months.

Currently, we recommend that you remain with the protection carrier you are with.

Thank you for continuing to trust CTIA with your protection plans as our state navigates this new change. As the leader of your insurance Super Team, I am always here for you. Please don't hesitate to reach out to me directly by phone with any questions or concerns.

Wishing you well!

A handwritten signature in black ink that reads "CHRISTOPHER". The letters are stylized and cursive.

Christopher Togawa

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Washington State's Credit Scoring Ban

What You Need to Know

Background to the 2021 Emergency Ban

The use of credit scoring as a rating factor for insurance premiums and coverage first began in Washington State over 20 years ago. With the credit-score insurance model, you generally receive lower premiums the higher your credit score. Credit scoring has since become a cornerstone of risk analysis that is used by insurance carriers throughout the country.

In response to rising concern that credit scoring may perpetuate structural inequity and access, especially during the unprecedented health and unemployment landscape of the COVID-19 pandemic, Washington State Insurance Commissioner Mike Kreidler issued an industry-wide emergency ban on the practice.

What the Ban Means for Washington State Policyholders

The goal of the credit rating ban is to lower premium rates and increase access to protection for people with lower credit ratings, especially among more vulnerable populations. This means that many policyholders across Washington State may see a decrease in their rates. However, as of this moment, the ban also means that carriers are prohibited from extending or continuing to extend discounts to policyholders based on higher credit ratings. In other words, without the ability to use your credit score for determining premiums, you may no longer be eligible for a reduced pricing tier.

While many policyholders in Washington State will not feel much impact from this change, those who have benefited from discounts based on their credit history may see an increase in their premiums. Carriers throughout Washington are actively seeking other rating factors to help balance the impact of this change more equitably. On this basis, we here at CTIA speculate that we will see a course correction over the next year or two.

When Will Policyholders Feel the Impact?

The emergency ban will go into effect on June 20, 2021, with an immediate impact on new policies. For renewing policies, any changes that occur will be reflected on renewal notices sent on or after June 20, 2021.

What We Recommend

CTIA has a long legacy of building comprehensive protection plans for responsible individuals and families. Many of our valued clients will see an impact from this credit scoring ban. As insightful consumers, you may naturally wonder if there is a better carrier or a better plan to make up the cost difference.

This state-wide ban affects all carriers currently extending discounts based on credit scores. Because of the industry-wide nature of this ban, we recommend remaining with your current carrier and plan. We will, of course, continue to work with you at all times to ensure that you have appropriate coverage for your protection needs.

We remain committed to keeping you up to date with information and insight, as your best interests are at the core of our mission as an independent insurance agency.