

**From:** Redderson, Craig  
**Sent:** Thursday, July 08, 2004 8:58 AM  
**To:** FACTAscoringstudy  
**Subject:** Credit Scoring

Dear Sirs:

The fact that the insurance industry uses credit scoring to establish a "risk category" for potential customers is discriminatory in any manner that you approach the subject. I'm not referring to the supposed color-blind aspect of purchasing insurance, but rather the ability for everyone to be treated fairly from the standpoint of simply buying necessary insurance (required legally or elective) at a rate that is based on the category of insurance. Car or homeowners insurance should be based on value, location, expense of said property, etc. The identical criteria of issuing policies for whatever needs to be insured, would reduce the number of people who are considered "insurance poor/bad credit" risks. Credit ratings would soar for quite a few of these poor individuals who are being "held down" by the insurance companies bottom line ..... PROFIT! Less litigation and fewer "uninsured" lawsuits would occur, but the insurance companies profits would continue to suffer, so what are we to expect?

Credit scoring reminds me of Private Mortgage Insurance ..... a quite legal, but morally bankrupt concept that continues to penalize the average American from being able to rise above being broke or young or just starting life with the expectation of being treated equal. Insurance companies still have the ultimate power to disallow fraudulent claims, cancel coverage, adjust policy premiums, etc., but everyone deserves the initial chance to succeed (or fail) with purchasing equitable rate structured insurance, before being categorized by their credit status and put in "hock" just so they can "legally" commute to their "starter" wage job.

While our cars, boats, and homes are pro-rated by circumstances, how soon can we expect life insurance premiums to also be affected by an individuals' credit score to protect the insurance companies' bottom line. Would there be a great population "shift" to gain more favorable rates by leaving the big city and moving to small town America (less risk)? Would people with higher SAT scores pay more or less in life insurance payments than "C" students because they are more valuable to the work force and therefore harder to replace by skillset. Should your credit rating determine whether you can only get term insurance or if you may purchase whole-life insurance (a lousy investment by the way)? Should I move to North Dakota for favorable rates or how about a quote for living in the middle of the desert ..... or Alabama?

Please level the "playing field" for the average American and legislate some controls on this credit rating "caste system" ..... the insurance companies have enough influence and power and money.

Sincerely

Craig Redderson