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For Immediate Release  
April 6, 2020  
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## **NCOIL COMMENTS ON FEDERAL LEGISLATION**

*The Preventing Credit Score Discrimination in Auto Insurance Act and  
The Catastrophe Loss Mitigation Incentive and Tax Parity Act of 2019*

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Manasquan, NJ – The National Council of Insurance Legislators (NCOIL), announced its opposition to a piece of federal insurance legislation today, while supporting an unrelated disaster mitigation bill. Commissioner Tom Considine, NCOIL CEO, wrote to Rep. Rashida Tlaib opposing H.R. 1756, the Preventing Credit Score Discrimination in Auto Insurance Act, as well as to Rep. Mike Thompson, Chair of the House Subcommittee on Select Revenue Measures, in support of H.R. 5494, the Catastrophe Loss Mitigation Incentive and Tax Parity Act of 2019.

H.R. 1756 seeks to ensure there is no unfair discrimination in automobile insurance underwriting. While the intent of the bill is noble, NCOIL believes there remains confusion and misinformation surrounding how and why insurers use certain factors to underwrite, such as credit information. The business of insurance is centered on predicting the level of risk an applicant or policyholder represents and charging a premium that corresponds to that level of risk. Credit-based insurance scores have proven to be a very accurate predictor of risk within the property and casualty insurance industry.

In 2002, NCOIL adopted the Model Act Regarding use of Credit Information in Personal Insurance (Model) in an effort to both recognize the benefits of credit-based insurance scores and to afford consumers protections with respect to the use of their credit information. The Model has been adopted by 30 states and has served to protect consumers while helping to promote competitive insurance marketplaces. The Model can be viewed [here](#).

NCOIL President, IN Rep. Matt Lehman, said, “The issue of credit score discrimination in insurance has been a recurring hot topic for the last 20 years. It is also important to note that states have jurisdiction to regulate the business of insurance pursuant to the McCarran-Ferguson Act of 1945. In this instance, NCOIL opposes federal involvement as an infringement on the states’ well-established authority to oversee the business of insurance and determine what is best for their individual states.”



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Considine stated that he was “perhaps as surprised as anyone, and more surprised than most, when the use of credit score proved to be an actuarially sound factor to consider in auto insurance underwriting, but you cannot argue with the conclusions. The statistically supported validity of the numbers is compelling.”

H.R. 5494 would exempt from federal taxation state-based grants that support pre-disaster mitigation for homes against wildfires, windstorms, and earthquakes. NCOIL recognizes the fact that natural disasters are occurring with more frequency, and that steps need to be taken to ensure that people are encouraged to take action with respect to utilizing pre-disaster mitigation programs.

Currently, there is inconsistent tax treatment of state and federal disaster mitigation grants. Congress previously excluded grants provided by FEMA from federal income tax, but state grants are subject to federal income tax. By simply fixing this inconsistency and providing tax parity for certain state-based pre-disaster grant programs, homeowners will be further empowered to protect their homes from natural disasters.

NCOIL CEO Commissioner Tom Considine stated, “We at NCOIL commend Chairman Thompson for introducing H.R. 5494 and taking action to alleviate the harmful impact of future natural disasters. This bipartisan legislation would encourage property owners to utilize federal aid to enhance their safety rather than being penalized for receiving these resources that could protect against disasters. NCOIL supports these vital mitigation efforts and looks forward to other steps to help safeguard Americans from natural disasters.”

The **letter on H.R. 1756** can be viewed [here](#).

The **letter on H.R. 5494** can be viewed [here](#).

Information and updates on **H.R. 1756** can be viewed [here](#).

Information and updates on **H.R. 5494** can be viewed [here](#).