



STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION  
BUREAU OF INSURANCE



Janet T. Mills  
Governor

Anne L. Head  
DPFR Commissioner

Robert L. Carey  
Superintendent

**Testimony of Stacy L Bergendahl**

**Senior Staff Attorney**

**Bureau of Insurance**

**Department of Professional and Financial Services**

**In Opposition of LD 2220**

**“An Act to Prohibit Insurers from Using Credit Information as a Factor in Certain  
Insurance Practices”**

**Presented by Senator Hickman**

**Before the Joint Standing Committee on Health Coverage, Insurance & Financial Services**

**February 27, 2024 at 1pm**

The Bureau opposes L.D. 2220. The bill applies to policies covering private passenger motor vehicles and commercial vehicles. The bill prohibits insurers from using the credit information of an applicant or policyholder as a factor in underwriting, cancellation, nonrenewal, increasing premiums, discounting, assigning rating tiers, assigning to a billing or payment plan, or placing with an affiliated company.

Maine has a competitive auto insurance market, with many insurers actively seeking customers and competitive rates. For years, Maine has been among the top 5 states in the country for the affordability of personal auto insurance. The Bureau is concerned that disallowing the use of credit information in ratemaking will lead to higher rates for Mainers. It may also result in cost shifting, requiring responsible drivers with good credit histories to subsidize those with worse credit histories.

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Current law already contains robust consumer protections regarding the use of credit information in setting rates for personal insurance policies. Title 24-A, Section 2169-B prohibits an insurer from denying, cancelling, or refusing to renew personal insurance solely on the basis of credit information, or basing an insured's rate solely on credit information. The insurer must disclose the use of credit information and any adverse action taken based on credit information, provide for correction of mistakes in the credit information, and re-rate if mistaken information was used. Once every 12 months the consumer has the right to request that the carrier pull updated credit information. In addition, prior to using credit information as part of pricing in Maine, insurers must show in their rate filings that their use of credit information is predictive of risk.

The bill creates a separate carve out from these protections to prohibit the use of credit information for personal vehicle policies and also creates that prohibition for commercial vehicle policies. This creates unnecessary complexity in an area of consumer protection already covered by law and does not allow insurers to use valuable information in making decisions about policies. This restriction on the information carriers may use could result in significant increases in rates for many Mainers.

I hope this information is useful to the Committee. Please let me know if I can provide any further assistance.