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The Honorable Delores G. Kelley
Chair, Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

RE: Senate Bill 552 - Motor Vehicle Insurance Use of Credit History Rating Policy - UNFAVORABLE

Dear Chair Kelley, Senator Young and Members of the Senate Finance Committee

I am writing on behalf Progressive Insurance (Progressive) in opposition to Senate Bill 552 -Motor Vehicle Insurance Use of Credit History Rating Policy.

Progressive is a national automobile insurer, and has been a leader in developing innovations in the pricing of automobile insurance. The Committee will recall the passage last year of legislation, supported by Progressive to provide greater flexibility in automobile insurance that includes usage-based rating factors in a rating plan.

Progressive was also pioneer in the use of credit-based insurance scoring (CBIS). CBIS has been, and remains, a highly effective tool to ensure the application of rates that are commensurate to risk. Both risk and the rates that are used are data-driven; i.e., Progressive collects information that has a proven correlation to losses it expects to incur. Accuracy in automobile insurance rating is of paramount importance. If rates are too low, the insurer's losses will be too high. If rates are too high, the insurer will write less insurance business than it should. This explains Progressive's singular focus on rating accuracy.

CBIS is an important tool that allows an insurer to arrive at the correct rate for automobile insurance. It is not the only tool, but its removal would mean that a substantial majority of policyholders would pay more than they should, while a much smaller number of policyholders would pay less than they should. The result would be unfair to all.

In 2002, the Maryland legislature comprehensively examined the subject of credit scoring, and House Bill 521 was one of the most stringent CBIS laws in the country. It remains the law today in Maryland, notwithstanding several regulatory and legislative reviews over the past 20 years. It should be retained.

For these reasons, Progressive Insurance respectfully requests an unfavorable report on Senate Bill 552.

Very truly yours,



Bryson F. Popham

cc: The Honorable Ronald N. Young
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