

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-1407

Financial Services Committee  
Subcommittee on Oversight and Investigations Hearing "The Impact of Credit-Based  
Insurance Scoring"  
Opening Statement for Congressman André Carson  
May 21, 2008

Thank you, Chairman Watt and Ranking Member Miller for holding this important hearing on the impacts of credit-based insurance scoring today. While the lending industry has progressed in its relationships with minority consumers over time, many problems persist. Consider the current housing crisis where 50 percent of African American mortgage consumers received subprime loans along with 40 percent of Latino consumers.

Disparities continue to exist within the insurance industry as well. I think a strong case has been made that many times, the use credit-based scores for insurance has the practical effect of shutting out many minorities from coverage or policy renewals.

Further, insurance companies have cited the Federal Trade Commission's July 2007 report in which credit based scores were listed as a minimal proxy for race as one justification for its continued use. I am skeptical, however, that the report yielded an accurate view of the impact credit-based scoring has on minorities. The information that report is based on came from a small group insurance companies who volunteered the data which certainly raises concerns about integrity of the FTC's conclusions.

I am proud to be a cosponsor of Representative Gutierrez's bill H.R. 5633, The Nondiscriminatory Use of Consumer Reports and Consumer Information Act of 2008 which addresses many of my concerns by prohibiting consumer reporting agencies under the Fair Credit Reporting Act from providing a credit report for the use of underwriting and rating personal lines of insurance if the FTC finds that the use of such information results in racial discrimination, or is a proxy for race. I am also proud to cosponsor H.R. 6062, introduced by Representative Waters, which prohibits consumer reporting agencies under FCRA from providing a credit report in the underwriting and rating of personal lines of insurance. Both HR 5633 and HR 6062 clarify that insurance companies cannot use race as a factor in determining rate prices or whether or not a consumer is eligible for insurance.

I thank the witnesses for participating in this hearing today and I look forward to our discussion on this important issue. Thank you.