House Resolution 1104

By: Representatives Kendrick of the 93rd, Waites of the 60th, Fludd of the 64th, Bennett of the 94th, Dawkins-Haigler of the 91st, and others

A RESOLUTION

1   Discouraging the use of credit scores for employment and insurance; and for other purposes.

2   WHEREAS, a new Civil Rights agenda must include protecting consumers from arbitrary
3   factors that limit their ability to prosper in a global economy; and

4   WHEREAS, a study concluded that even with laws such as the Community Reinvestment
5   Act that were designed to reduce the incidences of "Red-Lining," there is a serious and
6   fundamental lack of viable, mainstream financial services available and accessible in various
7   communities; and

8   WHEREAS, data in the study showed a significant correlation between high poverty rates,
9   high unemployment rates, low median income, low credit scores, and at-risk populations; and

10   WHEREAS, the data reflecting this significant correlation are particularly meaningful in
11   light of employers and insurance companies using this personal information to determine
12   employability and insurability, respectively; and

13   WHEREAS, one of the factors that many employers examine when determining whether to
14   offer an application employment is a person's credit score; and

15   WHEREAS, the justification for doing this is to measure a potential employee's
16   trustworthiness despite the substantial data and research that suggest that there is no
17   relationship between these two factors; and

18   WHEREAS, 45 bills related to the use of credit information in employment decisions were
19   either introduced or pending during the 2013 legislative session in 25 states and the District
20   of Columbia; and

21   WHEREAS, insurance companies have been using credit information to determine a

22   consumer's level of risk before selling or renewing auto, home, or renters insurance; and

23   WHEREAS, the insurance industry explains its use of credit information based on the

24   "propensity of those with poor credit to file an insurance claim" versus those who actually

25   have poor driving records or are more likely to get into car accidents; and

26   WHEREAS, the people who are deemed more likely to file a claim based on their credit

27   score should not be considered actuarially more risky than anyone else, given that the lower

28   credit score is used to justify higher insurance premiums; and

29   WHEREAS, insurance premiums should be based on the normal categories of risk, including

30   driving history, accidents, and other factors directly related to a driver's past driving record;

31   and

32   WHEREAS, legislators in 22 states and Puerto Rico introduced legislation to address the use

33   of credit information in insurance during the 2013 legislative session; and

34   WHEREAS, according to a 2012 study undertaken by the Federal Trade Commission, 42

35   million Americans have errors on their credit reports; and

36   WHEREAS, these errors can have an adverse impact on a consumer's credit score.

37   NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES that

38   the members of this body discourage the use of credit scores and similar types of information

39   in determining a job applicant's employability or to deny employment.

40   BE IT FURTHER RESOLVED that the House of Representatives discourages the use of

41   credit scores and similar types of information in determining a person's premium or payment

42   on car insurance or any other form of insurance.

43   BE IT FURTHER RESOLVED that the Clerk of the House of Representatives is authorized

44   and directed to transmit an appropriate copy of this resolution to the President of the United

45   States, the Vice President of the United States, members of the United States House of

46   Representatives and the United States Senate, and other federal and state government

47   officials as appropriate.