

March 25th, 2026

Letter from Consumer Federation of America Urging Support for House Bill 657—Providing for Prohibited Activities Related to Use of Credit History of Insured

Samantha Gorto
Executive Director
Pennsylvania House Insurance Committee
SGorto@pahouse.net

Dear Director Gorto,

The Consumer Federation of America¹ (CFA) urges the House Insurance Committee to support HB 657, which would prohibit the use of credit history in personal insurance or life insurance. Insurers' use of credit history in auto insurance, homeowners insurance, and life insurance forces millions of Pennsylvanians to pay higher premiums for their coverage than residents with high credit scores, even when those with lower credit have demonstrated low risk, such as a history of safe driving or no prior claims on homeowners or renters insurance policies. Prohibiting insurers from considering this factor in underwriting decisions and setting customer premiums will increase access to the insurance market for financially vulnerable residents and make pricing fairer for all Pennsylvanians.

Insurance is a vital component of our economy and provides essential protection for consumers and communities. Pennsylvania, along with every other state except New Hampshire, requires drivers to carry auto

¹ The Consumer Federation of America is an association of over 200 state and local consumer organizations that works to advance consumer interests through research, advocacy, and education. Our testimony is based on many years of experience working to make insurance more affordable and accessible. CFA's Director of Insurance Douglas Heller is a member of the Federal Advisory Committee on Insurance and a Board member who helps oversee California's low-cost auto insurance program. CFA's Research and Advocacy Associate Michael DeLong is a funded consumer representative with the National Association of Insurance Commissioners (NAIC) and a member of the Nevada Advisory Committee on Property and Casualty Insurance.

insurance. Mortgage lenders also require consumers to have homeowners insurance in order to get a mortgage. Given these mandatory purchase requirements, Pennsylvania has a responsibility to make sure that insurance is affordable and that consumers are not punished due to their socioeconomic status.

Over the past several years, CFA has studied the impact of credit history in the pricing of insurance. In 2023, CFA reported that a Pennsylvania driver with excellent credit paid an average annual premium of \$377 for minimum limits insurance. But if that same Pennsylvania driver only had fair credit, their premium climbed 46% to \$550. If the driver had poor credit, their average premium skyrocketed to \$805—a 113% premium hike compared to a driver with excellent credit.² This credit surcharge was imposed even if the Pennsylvania driver had a perfect driving record. Other studies have found similar results. A 2015 study by Consumer Reports found that a Pennsylvania driver with poor credit and a perfect driving record paid an average annual premium of \$2,258, while a Pennsylvania driver with excellent credit and a drunk driving conviction paid an average premium of \$1,893.³ Put simply, a safe Pennsylvania driver with poor credit paid \$365 more than a convicted drunk driver with a high credit score.

Insurers' use of credit history in homeowners insurance results in similar penalties. In 2025, CFA compared prices offered to consumers with low credit-based insurance scores (roughly equivalent to a 630 FICO score), average scores (roughly 740 FICO), and high credit scores (roughly 820 FICO). The report found that on average, American consumers with low credit pay \$1,996 more, or 99% more, for homeowners insurance compared to consumers with high credit, equivalent to an additional \$166 per month.⁴ Homeowners insurers in Pennsylvania, we found,

² "The One Hundred Percent Penalty: How Auto Insurers' Use of Credit Information Increases Premiums for Safe Drivers and Perpetuates Racial Inequality." By Douglas Heller and Michael DeLong. The Consumer Federation of America. July 31st, 2023. Available at <https://consumerfed.org/wp-content/uploads/2023/07/Official-CFA-Credit-Score-2023-FINAL-REPORT.pdf>.

³ "The Secret Score Behind Your Rates." Consumer Reports. July 30th, 2015. Available at <https://www.consumerreports.org/cro/car-insurance/credit-scores-affect-auto-insurance-rates/index.htm>.

⁴ "Penalized: The Hidden Cost of Credit Scores in Homeowners Insurance Premiums." By Moira Birss, Sharon Cornelissen, PhD, Michael DeLong, Nick Graetz, PhD, Douglas Heller,

imposed the largest credit score penalty in the nation. Consumers with average credit paid \$714, or 62%, more compared to a consumer with high credit. A Pennsylvania consumer with low credit paid a staggering \$2,038 more on average for coverage, a 181% penalty. For homeowners and prospective homebuyers with lower credit scores, this surcharge on top of the already high rates for coverage can make homeownership unsustainable or unattainable.

When insurers use credit history for underwriting and pricing life insurance, they impose barriers to financial stability and security across generations based on the legacies that have led to unequal access to economic stability in the first place. There are sufficient and reasonable factors for insurers to consider when taking on the risk associated with selling life insurance, and the use of credit scoring should be prohibited. This reform will allow Pennsylvanians to access this important tool for family security without being punished for their socioeconomic status and financial vulnerability.

The use of credit history for insurance underwriting and rating penalizes certain consumers more than others. Research by the Consumer Financial Protection Bureau (CFPB) has found that lower-income consumers often have weaker credit histories, and, thereby, face higher premiums.⁵ This practice also disproportionately harms Black and Hispanic consumers, who tend to have lower credit scores due to the longstanding racial wealth gap, past and present discrimination in financial services, scoring methodologies, and other persistent structural barriers.⁶ Furthermore, consumers frequently have low credit for reasons that are entirely unrelated to their risk of loss—for example, credit scores often fall as a

and Ethan Weiland. Consumer Federation of America and Climate and Community Institute. August 12th, 2025. Available at <https://consumerfed.org/reports/penalized/>.

⁵ “Consumer Financial Protection Bureau Study Finds Consumers in Lower-income Areas Are More Likely to Become Credit Visible Due to Negative Records.” Consumer Financial Protection Bureau. June 7th, 2017. Available at <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-study-finds-consumers-lower-income-areas-are-more-likely-become-credit-visible-due-negative-records/>.

⁶ “Past Imperfect: How Credit Scores “Bake in” and Perpetuate Past Discrimination.” National Consumer Law Center. Updated February 2024. Available at https://www.nclc.org/wp-content/uploads/2016/05/20240227_Issue-Brief_Past-Imperfect.pdf.



result of the impact of student loans, unemployment, accumulated medical debt, divorce, and other financial hardships. It is also important to note that insurance companies do not actually extend credit or face credit risk: a missed payment does not lead to a loss for the insurer, as insurers can cancel a customer for non-payment of premium.

By banning insurance pricing and underwriting “due in whole or in part to an insured’s or prospective insured’s credit history,” HB 657 makes it clear that Pennsylvanians will be protected from this unfair practice and insurers. California, Hawaii, and Massachusetts have already prohibited credit history in auto insurance, and California, Maryland, and Massachusetts have banned its use for homeowners insurance.

HB 657 eliminates a practice that makes insurance more expensive for Pennsylvanians who are required to purchase the coverage or simply want the opportunity to provide security for their family. We urge your support for HB 657.

Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

Douglas Heller
Director of Insurance
Consumer Federation of America

Michael DeLong
Research and Advocacy Associate
Consumer Federation of America

