

**OFFICIAL FILE COPY  
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OF COUNTY COMMISSIONERS  
MIAMI-DADE COUNTY, FLORIDA**

**MEMORANDUM**

Agenda Item No. 11(A)(6)

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**TO:** Honorable Chairman Dennis C. Moss  
and Members, Board of County Commissioners

**DATE:** September 1, 2009

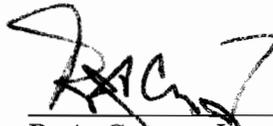
**FROM:** R. A. Cuevas, Jr.  
County Attorney

**SUBJECT:** Resolution urging Congress  
and the Florida Legislature to  
pass legislation prohibiting  
the use of credit scores for  
automobile insurance  
underwriting

**Resolution No .R-1077-09**

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The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Chairman Dennis C. Moss.

  
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R. A. Cuevas, Jr.  
County Attorney

RAC/jls



**MEMORANDUM**  
(Revised)

**TO:** Honorable Chairman Dennis C. Moss  
and Members, Board of County Commissioners

**DATE:** September 1, 2009

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R. A. Cuevas, Jr.  
County Attorney

**SUBJECT:** Agenda Item No. 11(A)(6)

Please note any items checked.

- "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Bid waiver requiring County Mayor's written recommendation
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- Housekeeping item (no policy decision required)
- No committee review

Approved \_\_\_\_\_ Mayor  
Veto \_\_\_\_\_  
Override \_\_\_\_\_

Agenda Item No. 11(A)(6)  
9-1-09

RESOLUTION NO. R-1077-09

RESOLUTION URGING CONGRESS AND THE FLORIDA  
LEGISLATURE TO PASS LEGISLATION PROHIBITING THE  
USE OF CREDIT SCORES FOR AUTOMOBILE INSURANCE  
UNDERWRITING

**WHEREAS**, beginning in the 1990s, automobile insurers increasingly used credit scores and related credit history information as underwriting tools in determining whether to issue a policy to an applicant and the rates to charge; and

**WHEREAS**, actuarial studies have indicated that persons with low credit scores have higher claims experience and therefore are higher insurance risks; and

**WHEREAS**, a 2007 report to Congress by the Federal Trade Commission concluded that credit-based insurance scores that are developed and used by the insurance industry serve as a proxy for race and ethnicity in three out of four lines of automobile insurance; and

**WHEREAS**, the report found that when credit-based insurance scores are used to predict claims risk, the predicted risk of African-Americans and Hispanics increases by 10 percent and 4.2 percent respectively, while the predicted risk for non-Hispanic whites decreases by 1.6 percent; and

**WHEREAS**, credit scores have little or no bearing on how likely a person is to have a car accident, break speed limits or otherwise engage in risky driving behavior that could result in an insurance claim; and

**WHEREAS**, while the insurance industry maintains that there is a slight correlation between lower credit scores and increased claims risk, a correlation does not imply causation; and

**WHEREAS**, it is unfair to make someone pay more for insurance because they have been laid off from a job, come down with a major medical problem, gone through a divorce or other life changing event that often results in lower credit scores but that has nothing to do with a person's risk as a driver; and

**WHEREAS**, basing insurance rates on credit scores also unfairly discriminates against people who tend to have lower credit scores because they have less credit history, such as recent immigrants, some elderly people and persons with low incomes; and

**WHEREAS**, insurance rates should be based on a person's driving record, not on a person's credit history; and

**WHEREAS**, at the federal level, bills were filed during the 110<sup>th</sup> Congress, including H.R. 5633 by Representative Luis Gutierrez, which would ban the use of credit scores for underwriting in any line in which the FTC found a proxy effect, and H.R. 6062 by Representative Maxine Waters, which would ban the use of credit-based insurance scores altogether, but these bills did not pass; and

**WHEREAS**, at the state level, the Florida Legislature in 2003 passed S.B. 40-A, Chapter 2003-207, Laws of Florida, which attempted to limit the use of credit scores in insurance underwriting decisions, but insurance companies in Florida continue to use credit scores in setting rates; and

**WHEREAS**, bills were filed during the 2009 session of the Florida Legislature, including SB 1524 by Senator Ronda Storms and HB 683 by Representative Priscilla Taylor that would have prohibited the use of credit reports and credit scores in making insurance rate determinations, but these bills did not pass,

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA,** that this Board:

**Section 1.** Urges Congress and the Florida Legislature to pass legislation prohibiting the use of credit scores for automobile insurance underwriting.

**Section 2.** Directs the Clerk of the Board to transmit a certified copy of this resolution to the members of the Miami-Dade Congressional Delegation; Florida's Governor, Senate President and House Speaker; and the Chair and Members of the Miami-Dade County State Legislative Delegation.

**Section 3.** Directs the County's federal and state lobbyists to advocate for the legislation set forth in Section 1 above, and authorizes and directs that the 2009 and 2010 Federal Legislative Package and the 2010 State Legislative Package be amended to include this item.

The Prime Sponsor of the foregoing resolution is Chairman Dennis C. Moss. It was offered by Commissioner **Sally A. Heyman**, who moved its adoption. The motion was seconded by Commissioner **Jose "Pepe" Diaz** and upon being put to a vote, the vote was as follows:

	Dennis C. Moss, Chairman	<b>aye</b>	
	Jose "Pepe" Diaz, Vice-Chairman	<b>aye</b>	
Bruno A. Barreiro	<b>absent</b>	Audrey M. Edmonson	<b>aye</b>
Carlos A. Gimenez	<b>aye</b>	Sally A. Heyman	<b>aye</b>
Barbara J. Jordan	<b>aye</b>	Joe A. Martinez	<b>aye</b>
Dorrin D. Rolle	<b>aye</b>	Natacha Seijas	<b>aye</b>
Katy Sorenson	<b>aye</b>	Rebeca Sosa	<b>aye</b>
Sen. Javier D. Souto	<b>aye</b>		

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The Chairperson thereupon declared the resolution duly passed and adopted this 1<sup>st</sup> day of September, 2009. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA  
BY ITS BOARD OF  
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK



By: **DIANE COLLINS**  
Deputy Clerk

Approved by County Attorney as  
to form and legal sufficiency.

A handwritten signature in black ink, appearing to read "JMM", is written over a horizontal line.

Jess M. McCarty