



Michelman Insurance Group, Inc.

November 10, 2021

Mr. David Forte
P.O. Box 40260
Olympia, WA 98504-0260

rulescoordinator@oic.wa.gov

RE: Letter Opposing OIC Proposed Rules Prohibiting the Use of Credit History in Personal Lines of Property and Casualty Insurance (WSR 21-20-126)

Mr. Forte:

I am the owner of Michelman Insurance Group, Inc.—an independent insurance agency that is located in Kenmore, Washington. I have owned my agency for many years and have worked hard to develop a solid book of business. Many of the policyholders that are served by my agency have been with us for many years. At my agency, customers get professional and seasoned advice. As a licensed insurance producer, it's my job to assist them to find necessary insurance products that meet their coverage needs, at a price that works within a budget as well.

My office does business with many insurers that have used credit-based insurance scoring for nearly 20 years. Because most of my policyholders have good credit scores, this has directly benefited my customers. The OIC's proposed rule would prohibit the insurers that serve my customers from using their good credit as a factor in determining the premiums that they pay. If the Proposed Rule is adopted, many of my customers will see significant rate increases. They've already seen this for themselves. Earlier this year, when Insurance Commissioner Kreidler issued emergency rules which also banned insurers from using credit, many saw their premium rates dramatically increase for auto and homeowner's insurance policies. The premium increases came as a direct result of the OIC's Emergency Rules. I have reviewed the premium increases that were imposed on the policyholders that my office serves which came as a direct result of the OIC's Emergency Rules. Consumers in my book of business showed 12% with double-digit premium increases for auto insurance. Policyholders in my book of business showed 17% with double digit premium increases for homeowner's insurance. The same thing will happen again, but on a larger scale, if the permanent rule that the OIC has proposed is adopted.

I am further concerned that many of insurance consumers served by my agency will be damaged because they live on limited budgets. Increased premiums resulting from the OIC's proposed rule may cause many of my customers to request reducing policy limits or increasing their deductibles in an effort to keep costs down. Some may cancel or decline umbrella coverage in an effort to save money. This means less protection and reduced coverage for these consumers.

Eastside - (425) 398-1234 Seattle - (206) 914-3920 Fax - (425) 485-0676

18023 62nd Ave NE Kenmore, WA 98028



www.michelmaninsurance.net



The proposed rule has also adversely impacted my office. When the emergency rules were adopted, we had to deal with the calls from many confused and irritated customers. There will be more confusion and irritation if the OIC's permanent rule is adopted. Further, the proposed rule puts my office at great risk for losing business. When the OIC's emergency rules resulted in premium increases for thousands of insurance consumers across Washington, the OIC simply suggested that consumers should "shop around". That advice directly put my agency at risk for losing long-standing clients. I am worried that if the permanent rule is adopted, consumers will see more premium increases as a result, and the OIC will simply encourage them to "shop around", which encourages them to leave our agency and find another company with which to do business. That is unfair, and deeply damaging.

A few weeks ago, I heard that the Courts overturned the OIC's Emergency Rules. That's a good thing, and the consumers at my office deserve to see their good credit discounts restored again. I have heard that some insurers intend to restore the good credit discounts that many of my customers have earned. That would be great news. But if the OIC adopts the proposed Permanent Rule, we'll just be back where all of this started—with higher premium costs for many of the policyholders who are served by my agency. For these reasons, I am opposed to the OIC's Proposed Rule that would prohibit the use of credit history in personal lines of property and casualty insurance, and I would request the OIC to withdraw this rulemaking.

Thank you,

A handwritten signature in blue ink, appearing to read "Carl B. Michelman", with a long horizontal flourish extending to the right.

Carl B Michelman
Michelman Insurance Group, Inc