

Oral State

reliability – assurances which, if false, would support criminal prosecution.

Second, the Report's conclusion in this respect wasn't just based on data which came directly or indirectly from those insurance companies. The reliability of the data from those sources was cross-checked by performing the same analyses based on claims data obtained from ChoicePoint's CLUE (Comprehensive Loss Underwriting Exchange) database. Beyond that, the conclusion was supported by

Commissioner Leibowitz, pointed out when the Report was issued, this conclusion serves as a reminder of the fact that some things in society may adversely affect racial and ethnic minorities. And, as Commissioner Harbour pointed out, it underscores the importance of educating minorities about the use of credit scores in pricing insurance and the importance of avoiding borrowing practices that can adversely affect their credit scores. We at the Commission have devoted substantial resources to that task, and we will continue to do so.

All that said, the Commission has carefully considered the concerns about methodology that have been raised about our automobile insurance study. A majority of the Commission continues to believe that the methods used were sound and that the findings made and conclusions reached were supported. But I speak for all five of us in stating that we believe it is important for the public to have confidence in Commission reports. To that end, in our study of the impact of credit-based scores on consumers of homeowners insurance, the Commission intends to use our authority under Section 6(b) of the FTC Act to obtain policy information from insurance companies. A description of our plan for the homeowners insurance study, including the use of Section 6(b) orders, is set forth in the recent letter from Chairman Majoras to Chairmen Frank, Watt, and Gutierrez.

Thank you for your time and interest today and I look forward to answering any questions you may have.