



Make Property Insurance Pricing More Fair: States Should Ban Discriminatory Credit Score Penalties

The Problem

In all but three states, insurance companies are allowed to deny insurance coverage or price a home insurance policy based on the homeowner's credit score. Lower credit score borrowers pay [99 percent more](#) for homeowner's insurance than households with similarly risky properties but better credit. **Credit scores have no connection to the likelihood of an individual policyholder experiencing a climate disaster. Using them to charge an insurance premium penalty perpetuates racial discrimination and extracts wealth from households least able to afford it.** In today's insurance marketplace, households with lower credit scores are likely to pay more for their homeowner's insurance. There is a well-documented history of households of color having more [limited access](#) to homeowner's insurance or paying more for coverage which deepens the disproportionate financial burden families of color are forced to bear as premiums rise and insurance becomes less available.

The Solution: *The Stop Property Insurance Discrimination Act*

This model legislation will:

1. **Lower the cost of home insurance** for lower credit score policyholders
2. **Stop insurance companies from unfairly penalizing and discriminating** against people who are struggling the most to make ends meet
3. **Reduce the financial impact after climate disasters** for more households

Why It Matters

Home insurance is the most important buffer families can have in place to prevent financial hardship after a climate disaster. However, [rising insurance costs](#) are becoming a shock of their own to household financial stability: between 2019 and 2025, home insurance premiums [rose by 70 percent](#). Insurance companies have increased their rates due to a mix of factors including higher risks due to climate change, the rising cost to rebuild, inflation, [and more](#). Virtually every corner of the country has been touched by rising insurance costs—a recent [report](#) by CFA found that 95 percent of zip codes experienced increases in insurance premiums since 2021. Maryland, Massachusetts, and California have already



banned the use of credit scores to set insurance premiums through regulation or legislation.

Insurance companies charge [drastically different penalty](#) amounts in different states for having a low credit score, ranging from small single-digit percentages to a 181 percent penalty—the highest in the country—in Pennsylvania. Every state should [ban the use of credit scores](#) to set premiums. This outdated practice has no connection to the likelihood of an individual policyholder experiencing a disaster and it perpetuates racial discrimination.

How to Take Action

You can help introduce this bill in your state.

1. **Connect with others in your community** who are concerned about this issue. Get in touch with us at contact@insurancejustice.org to see if other organizations are working on this issue in your state.
2. **Share these model bills** with your state representatives.
3. **Request a meeting** with their staff to explain why it matters to homeowners or renters like you.
4. Ask them to **introduce it in the next legislative session**.
5. **Be sure to bring a fact sheet** as a leave behind or email the link in a follow up email thanking your legislator's staff for the meeting.

Contact the Equitable & Just Insurance Initiative

The model bill can be customized for your state, but the goal is clear: Protect consumers, stop insurance companies from unfairly discriminating against homeowners or buyers with lower credit scores. If you'd like to talk about the model bill and its potential in your state, contact us at contact@insurancejustice.org. *This bill can be titled the "Stop Property Insurance Discrimination" Act or the "Property and Casualty Insurance Fairness" Act.*