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### HEATED NCOIL DEBATE CHALLENGES USE OF EDUCATION/OCCUPATION, POINTS TO FUTURE DISCUSSION

**Washington, DC, March 5, 2009** — Members of the National Conference of Insurance Legislators (NCOIL) Property-Casualty Insurance Committee determined at the Spring Meeting here—during a February 28 debate marked by heated exchanges and calls of racial injustice—to continue their review of education/occupation underwriting and to pursue decisive NCOIL action as developments warrant.

Committee Chair Rep. Charles Curtiss (TN) commented, “Our meeting put to rest any doubt that this is a passionate subject, perhaps more relevant in today’s hard economy. We certainly should look for a connection between claims filing and education and occupation—without a correlation, using these factors makes no sense. But legislators have to consider the deep racial and other sensitivities woven into the debate because fairness cuts both ways—both consumers and insurers should be respected.”

Rep. Curtiss added that after serious review the Committee agreed to examine developments to ensure against hasty action. “We must navigate these waters carefully,” he said, “because the consequences of getting it wrong are high.”

The special meeting centered on two fundamental questions: Is the use of education and occupation data actuarially sound? Do schooling and employment information unfairly discriminate against poor and minority populations?

At the meeting, supporters of using education and occupation data—including Steven Lehmann of Pinnacle Actuarial Services, Dr. Steven Weisbart of Insurance Information Institute (III), and Robert Gordon of the Property Casualty Insurers Association of America (PCI)—said the two factors are effective, unbiased predictors of claims-paying behavior. The data contributes to a free and functioning market, they said, and state regulators nationwide have authorized the practice.

Opponents argued that the issue is not about actuarial soundness—speakers generally acknowledged, in fact, that education and occupation are predictive—but rather one of social fairness. Steven Parton of the Florida Office of Insurance Regulation, Eric Poe of CURE Auto Insurance, and Dr. Gregory Squires of George Washington University argued that minority populations are overrepresented among consumers hurt by using schooling and employment. Panelists said census data proves their point.

Legislators on the Committee questioned price differences between policies of lower and higher-achieving consumers and asked for more information on alleged racial disparities. Members also discussed the ability of state regulators—working off current state laws—to authorize use of education and occupation.

In addition, speakers and the Committee compared the practice to insurance scoring, with supporters of scoring generally in favor of using education and occupation and opponents generally against. In 2002, NCOIL adopted the only insurance scoring model law of its kind, now used in 26 states.

The NCOIL P-C Committee will next meet during the July 9 through 12 NCOIL Summer Meeting in Philadelphia, PA. The recent February 28 through March 1 Spring Meeting took place at the Hyatt Regency Washington on Capitol Hill.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at [www.ncoil.org](http://www.ncoil.org).

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