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NCOIL ADOPTS INSURANCE SCORING AMENDMENT, RECOGNIZES EXTRAORDINARY LIFE EVENTS

Philadelphia, Pennsylvania, July 16, 2009 — The National Conference of Insurance Legislators (NCOIL) responded to the widening financial crisis on July 12, when legislators here adopted an insurance scoring amendment that reaffirms and expands upon NCOIL support for extraordinary event victims. The amendment, which revises a 2002 NCOIL *Model Act Regarding Use of Credit Information in Personal Insurance*, moves an extraordinary life circumstances (ELCs) drafting note into the body of the model and broadens its provisions.

Committee Chair Rep. Charles Curtiss (TN) said after the vote, “Those who struggle with personal catastrophes not of their making—particularly in today’s economy—deserve legislation that understands their needs. Although our model already recognized illness, unemployment, identity theft, and other challenges, our amendment leaves no doubt that these are extraordinary events. Requiring that insurers grant exceptions gives NCOIL-based laws even greater strength.”

ELCs, under the amendment, include federal or state-declared catastrophes; serious illness or injury to a consumer or his/her immediate family; death of a spouse, child, or parent; divorce or involuntary interruption of legally owed alimony or support payments; identity theft; temporary and involuntary loss of employment for three months or more; and military deployment overseas, among other items.

The amendment allows an insurer to require written, verifiable proof of the extraordinary event and proof that the event harmed the consumer’s credit. The amendment also addresses methods and timeframes for requesting and granting ELC exemptions, granting multiple exemptions for the same event, and consumer disclosure.

Insurance company and agent representatives supported the revision. The American Insurance Association (AIA), National Association of Mutual Insurance Companies (NAMIC), and Property-Casualty Insurers Association of America (PCI) noted that a handful of states already have ELC exceptions.

The American Academy of Actuaries (AAA) also commented, expressing concern over possible cost-shifting between people who receive ELC exceptions and people who do not.

In general, the NCOIL insurance scoring model protects consumers in states that choose to allow the practice. The 26-state model requires disclosure and use of updated, accurate credit data; bans

consideration of certain personal information; mandates filing of scoring models; and prohibits data selling, among other things. The bill's provisions help young people with "thin" credit files, seniors without credit cards, low-income and minority citizens who use credit differently, and other constituencies.

The Property-Casualty Insurance Committee adopted the ELC amendment on July 12, followed by Executive Committee adoption later that day. The Summer Meeting was held from July 9 through 12.

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.

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