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## **FOR IMMEDIATE RELEASE**

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### **LEGISLATORS TAKE ACTION ON CLAIMS HISTORY INFORMATION, ADOPT MODEL ACT**

**Newport, Rhode Island, July 8, 2005**—After raising questions regarding how insurers should treat claims history information, legislators on July 8 adopted a National Conference of Insurance Legislators (NCOIL) model law that would restrict insurer use of inquiries and claims without payments (CWOPs), among other items. Lawmakers acted during the NCOIL Summer Meeting in Newport, Rhode Island.

The model law, which the Executive Committee adopted in a decisive 31 to 7 vote, represents the culmination of NCOIL's more than one-year consideration of the issue. Among other things, the draft would prohibit taking an adverse action based solely on the claims history of a previous property owner; prohibit taking an adverse action based on consumer inquiries; prohibit using claims experience of the property or a new applicant that is more than five (5) years old; largely prohibit using claims experience to underwrite coverage more than 30 days from when an insurer issued a coverage binder; and require an insurer to re-underwrite and re-rate an insured within 30 days notice that claims information was incorrect or incomplete, and then return any overpayment.

The draft, sponsored by Sen. David Bates (RI), also would mandate filings by claims-history report providers and would allow that, upon request of a consumer, an insurance company must identify the claim information that led to an adverse action. Insurers further would be required to abide by the disclosure requirements set forth in the Fair Credit Reporting Act.

Regarding CWOPs, the model act would prevent an insurer from using such information unless 1) more than one such event occurred within the previous three years or 2) such a claim affected the nature of the risk and was predictive of future loss.

The P-C Committee adopted amendments related to CWOPs, consumer notification, and filings by claims history report providers before adopting the model act and referring it to the Executive Committee. Legislators on the Executive Committee deleted Section 8, regarding disclosures to homebuyers, as a result of concerns regarding a seller's responsibilities and the appropriateness of real estate provisions in insurance law.

The NCOIL *Model Act Regarding the Use of Claims History Information in Homeowners and Personal Lines Residential Property Insurance* was first considered in November 2004. Subsequent input from certain interested parties led to the amended version adopted on July 8. The model law fulfills a P-C Committee charge to investigate issues surrounding claims history information and to adopt model legislation as appropriate.

The NCOIL Summer Meeting was held at the Hotel Viking in Newport, Rhode Island.

NCOIL is an organization of state legislators focused on insurance legislation and regulation. Many legislators active in NCOIL either chair or are members of the committee responsible for insurance legislation in their respective state houses across the country.

A copy of the adopted model act is available on the NCOIL Web site at [www.ncoil.org](http://www.ncoil.org).

For more information, please contact the NCOIL National Office at 518-687-0178.

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