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### NCOIL'S REP. KEISER TO HOUSE SUBCOMMITTEE: NCOIL INSURANCE SCORING MODEL STRIKES CRITICAL BALANCE

**Washington, DC, May 21, 2008**—National Conference of Insurance Legislators (NCOIL) Secretary Rep. George Keiser (ND) today told members of a U.S. House Subcommittee on Oversight and Investigations that an NCOIL insurance scoring model act strikes a critical balance between consumer and other interests and proves that federal legislation to regulate credit-history scores is unnecessary.

Rep. Keiser, noting that 26 states have based their oversight on the 2002 NCOIL *Model Act Regarding Use of Credit Information in Personal Insurance*, acknowledged that credit history may be an effective predictor of risk. He said at the Subcommittee hearing, however, that “NCOIL is clear that insurers should not have free reign. Our group feels strongly that state legislators have a responsibility to shield consumers from potential abuse and to encourage state laws that go beyond a one-size-fits-all approach.”

While overviews development of the NCOIL model law, Rep. Keiser said that important protections include prohibiting adverse actions based on “thin” credit files or on absence of a credit card—language that would benefit a variety of consumers, such as young persons just starting out, the elderly, and new citizens of this country.

Rep. Keiser said in his testimony that the NCOIL model also recognizes “how people may struggle financially after a personal, catastrophic event, such as extended illness or death of a spouse. Extraordinary events of this nature are likely no one’s fault—and our laws should not pretend that they are.” Insurers under the NCOIL model could give a “pass” to persons impacted by exceptional life events, he explained.

Describing the NCOIL proposal as a “uniform, pragmatic approach,” Rep. Keiser said it sets forth “common-sense restrictions” on how insurers could treat certain data. He said this would include inquiries that credit card companies make before sending out promotional offers, inquiries that occur when a consumer wisely “shops around” for the best deals on auto and home loans, and collection accounts related to medical events.

Pointing to the success of NCOIL-based regulation, Rep. Keiser urged Congress not to preempt state efforts—as contemplated under two pending bills that would prevent or prohibit use of insurance scoring.

“The 26 states around the country that regulate based on the NCOIL model responded effectively to an emerging issue that demanded a public policy response,” Rep. Keiser said. “Federal legislation that would set aside these strong laws is unneeded and may actually bring unintended, unfortunate consequences, such as higher rates for consumers who benefit from their good credit.”

Other witnesses at the hearing, entitled *The Impact of Credit-Based Insurance Scoring on the Availability and Affordability of Insurance*, included Lydia Parnes of the Federal Trade Commission (FTC) Bureau of Consumer Protection; Florida Insurance Commissioner Kevin McCarty, representing the National Association of Insurance Commissioners (NAIC); and representatives of the Consumer Federation of America (CFA), the National Fair Housing Alliance (NFHA), Cure Insurance, the Property-Casualty Insurers Association of America (PCI), the Consumer Data Industry Association (CDIA), and a professor from the University of Arkansas.

Today’s hearing followed an October 2007 Subcommittee hearing that examined results of a recent Federal Trade Commission (FTC) study regarding the impact of insurance scores on automobile insurance.

In general, the NCOIL model law prohibits credit experience from being the sole factor influencing a personal-lines underwriting or rating decision and provides for use of updated credit information, among other things.

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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