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April 2, 2020

The Honorable Rashida Tlaib  
1628 Longworth House Office Building  
Washington, DC 20515

Dear Congresswoman Tlaib:

On behalf of the National Council of Insurance Legislators (NCOIL), I write with regard to H.R. 1756 – the “Preventing Credit Score Discrimination in Auto Insurance Act.” I watched with great interest the March 4<sup>th</sup> House Financial Services Subcommittee on Housing, Community Development and Insurance hearing entitled “Drivers of Discrimination: An Examination of Unfair Premiums, Practices, and Policies in the Auto Insurance Industry.”

NCOIL appreciates the time and effort you and your colleagues have spent on the important issue of ensuring there is no unfair discrimination in automobile insurance underwriting. However, we believe that there remains confusion and misinformation surrounding how and why insurers use certain factors to underwrite, such as credit information.

As you may know, NCOIL is a national legislative organization comprised principally of legislators serving on State insurance and financial institutions committees around the nation. NCOIL writes Model Laws in insurance and financial services, works to both preserve the State jurisdiction over insurance as established by the McCarran-Ferguson Act seventy-five years ago and to serve as an educational forum for public policy makers and interested parties. Founded in 1969, NCOIL works to assert the prerogative of legislators in making State policy when it comes to insurance and educate State legislators on current and longstanding insurance issues.

The business of insurance is centered on predicting the level of risk an applicant or policyholder represents and charging a premium that corresponds to that level of risk. Credit-based insurance scores have proven to be a very accurate predictor of risk within the property and casualty insurance industry. Quite frankly, I was skeptical of the value of the use of credit in underwriting initially, but the actuarial math to support it is beyond question.



WEBSITE: [www.ncoil.org](http://www.ncoil.org)



***Sound Public Policy In 50 States For 50 Years***

In an effort to both recognize the benefits of credit-based insurance scores and to afford consumers protections with respect to the use of their credit information, in 2002 NCOIL adopted the Model Act Regarding use of Credit Information in Personal Insurance (Model). The Model has been adopted by 30 states and has served to protect consumers while helping to promote competitive insurance marketplaces.

The Model contains several consumer protections including but not limited to:

- Prohibiting an insurer from using an insurance score that is calculated using income, gender, address, zip code, ethnic group, religion, marital status, or nationality of the consumer as a factor;
- Prohibiting an insurer from refusing to insure an applicant, insured, or other individual seeking insurance coverage because the person's insurance score fails to meet or exceed a minimum numeric threshold, unless one or more other applicable underwriting factors independent of credit information are considered;
- Prohibiting an insurer from taking an adverse action against a consumer based on credit information, unless an insurer obtains and uses a credit report issued or an insurance score calculated within 90 days from the date of the policy is first written or renewal is issued;
- Prohibiting insurers from using certain inquiries, such as those from the mortgage and automobile industries, as a negative factor in any insurance scoring methodology or in reviewing credit information for the purpose of underwriting or rating a policy of personal insurance; and
- Requiring an insurer that uses credit information to provide exceptions to the insurer's rates, rating classifications, company or tier placement, or underwriting rules or guidelines for a consumer who has experienced and whose credit information has been directly influenced by an extraordinary life circumstance such as a catastrophic event, the death of a spouse, child, or parent, identity theft, or military deployment overseas.

It is also important to note for future hearings of the Committee and Subcommittee that states have jurisdiction to regulate the business of insurance pursuant to the McCarran-Ferguson Act of 1945 (15 U.S.C. §§ 1011 – 1015). In this instance, NCOIL opposes federal involvement in the area of insurers use of credit information as an infringement on the states' well-established authority to oversee the business of insurance and determine what is best for their individual states.

Lastly, as you and your colleagues deliberate through important issues, I invite you to have frequent and robust discussions with NCOIL as we are an accomplished group of bi-partisan, solutions-oriented legislators from around the country who are ready to help Congress face the difficult tasks before it. I know that NCOIL would provide a unique and important perspective to any future hearings the Committee or Subcommittee may have on this and other issues, and offer to serve as a witness before the Committee or Subcommittee.

Thank you and please do not hesitate to reach out if you wish to discuss this further. You can reach me at 732-201-4133 or at [tconsidine@ncoil.org](mailto:tconsidine@ncoil.org). Please also feel free to reach out to me on my cell at 732-245-0741.

With appreciation for your consideration, I am,

Very Truly Yours,



Thomas B. Considine  
NCOIL CEO

CC: The Honorable William Lacy Clay  
Chair  
House Financial Services  
Subcommittee on Housing, Community Development and Insurance  
2428 Rayburn House Office Building  
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The Honorable Steve Stivers  
Ranking Member  
House Financial Services  
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