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## National Council of Insurance Legislators (NCOIL)

### Resolution Regarding Insurance Score Transparency

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*\*Sponsored by Sen. Neil Breslin (NY) & Rep. Matt Lehman (IN), NCOIL President*

*\*To be Discussed and Considered by the NCOIL Special Committee on Race in Insurance Underwriting on July 15, 2021.*

**WHEREAS**, the National Council of Insurance Legislators (NCOIL) formed a Special Committee on Race in Insurance Underwriting (the Special Committee) on September 25<sup>th</sup>, 2020; and

**WHEREAS**, the Special Committee has held five public hearings and meetings over the past seven months to take testimony, discuss and evaluate these issues; and

**WHEREAS**, the Special Committee and the NCOIL Executive Committee have adopted a Model Definition of Proxy Discrimination contained within amendments to the NCOIL P&C Insurance Modernization Model Act; and

**WHEREAS**, NCOIL remains opposed to unfair discrimination in all forms; and

**WHEREAS**, legislatures have on occasion prohibited or restricted certain rating factors, despite being correlative with loss, based upon considerations related to protected class status; and

**WHEREAS**, on other occasions, legislatures have affirmatively acted to allow specific rating factors; and

**WHEREAS**, the decision to prohibit or allow such factors falls within the province of the legislature pursuant to the Constitutions of the various States; and

**WHEREAS**, one factor used by many insurers in the underwriting process is consumers' insurance score; and

**WHEREAS**, the specific individual factors used in the calculation of an insurance score remain undisclosed to consumers; and

**WHEREAS**, lenders and/or credit bureaus provide consumers, or make available to them, with the factors used in the calculation of a consumer's credit score, the weight given to each factor, and when a change in a factor results in a change to the consumer's credit score; and

**WHEREAS**, the greater transparency in the calculation and operation of consumers' insurance score is beneficial and desirable; and

**WHEREAS**, consumers, policymakers, insurance producers and the insurance industry would benefit greatly from additional transparency in the development and usage of insurance scores, similar to that used for credit scores; and

**NOW, THEREFORE, BE IT RESOLVED** that NCOIL finds that greater transparency is needed in the development and usage of insurance scores; and

**BE IT FURTHER RESOLVED** that the Special Committee finds that NCOIL should develop a Model Law on Transparency in Insurance Scores with the goal of achieving parity with the transparency in the development and usage by lenders & credit bureaus of credit scores; and

**BE IT FURTHER RESOLVED** that the Special Committee refers this issue to the NCOIL Property & Casualty Insurance Committee for further action.

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