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National Council of Insurance Legislators (NCOIL)

Resolution Regarding Insurance Score Transparency

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

**Adopted by the NCOIL Special Committee on Race in Insurance Underwriting on July 15, 2021 and by the NCOIL Executive Committee on July 17, 2021.*

WHEREAS, the National Council of Insurance Legislators (NCOIL) formed a Special Committee on Race in Insurance Underwriting (the Special Committee) on September 25th, 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 their being correlative with loss due to overriding and superseding public policy considerations including but not limited to concerns 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.
