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NCOIL PRESIDENT AND SPECIAL COMMITTEE ON RACE IN INSURANCE UNDERWRITING CHAIR INTRODUCE RESOLUTIONS AND ISSUE STATEMENT

Manasquan, NJ - Senator Neil Breslin (D-NY), Chair of the NCOIL Special Committee on Race in Insurance Underwriting (Committee) and Representative Matt Lehman (R-IN), NCOIL President, introduced today a series of Resolutions for consideration by the Committee at the NCOIL Summer National Meeting in Boston next week.

The first is the “Resolution Regarding the Use of Certain Rating Factors.” The Resolution would put NCOIL on record as finding that the use of all data in the underwriting of private, non-commercial insurance that is related to non-pending arrests, charges and indictments that do not result in conviction, or related to convictions that do not relate in any way to either fraud or to the risk being evaluated for the insurance being sought (such as arson for property insurance) rises to the level of unfair discrimination in underwriting private, non-commercial insurance products.

Additionally, through the Resolution NCOIL would find that other factors are potentially unfairly discriminatory in their application in the underwriting of private, non-commercial insurance, but does not view those factors as unfairly discriminatory at this time.

Breslin & Lehman issued the following joint statement with the introduction of the Resolutions: “We are confident that the Resolution Regarding the Use of Certain Rating Factors represents an appropriate response from NCOIL to the sessions we held and testimony we took on the rating factors. We believe the record before the Special Committee is well developed on the use of criminal history and other factors, and indeed is well developed in the literature and the broader public record. Some may ask why we did not include additional factors specifically; the answer is that we do not believe the record is as clear on additional factors and that they are not ripe for action. While they may become ripe in time, and we think it important that States review their use annually, it is likely



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that by the time they fully ripen, the use of artificial intelligence will have surpassed the use of individual factors in underwriting. We urge NCOIL to study the use of Artificial Intelligence in insurance underwriting; however, that topic fell beyond the charges to this Special Committee. We are sponsoring a companion Resolution today urging such action.”

“Indeed,” continued Breslin and Lehman, “we believe that the ‘Resolution Regarding the Use of Artificial Intelligence in Underwriting’ places a focus on the increased use of Artificial Intelligence in insurance underwriting and the need for NCOIL to gain a thorough understanding of it in the near future to determine if legislative action is appropriate.”

“One area where we believe such action is appropriate is in the transparency surrounding the development and usage of the insurance score. In our discussions regarding insurance factors, we determined that the insurance score is a black hole compared to the transparency we see with consumers’ credit scores. We believe consumers and policymakers would be far more confident in insurers’ use of factors if such use were transparent in the development and usage of the insurance score.”

“We look forward to a lively and serious discussion of these Resolutions with our fellow legislators and interested parties,” concluded Breslin & Lehman.

The Resolutions can be viewed here: <http://ncoil.org/special-committee-on-race-in-insurance-underwriting-2/>

The 2021 NCOIL Summer National Meeting is scheduled for July 14-17 at The Westin Boston Waterfront Hotel. The Meeting will be a hybrid format allowing for both in-person and virtual participation via Zoom. More information on the Meeting can be found here: <http://ncoil.org/2021-ncoil-summer-meeting-registration/>

NCOIL is a national legislative organization with the nation’s 50 states as members, represented principally by legislators serving on their states’ insurance and financial institutions committees. NCOIL writes Model Laws in insurance and financial services, works to preserve the State jurisdiction over insurance as established by the McCarran-Ferguson Act over seventy years ago, and to serve as an educational forum for public policymakers 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.