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PIANH provides NHID with comments about insurance scores

PIANH responded to a call for comments from the New Hampshire Insurance Department about a proposal governing Ins. 3300 Insurance Scores prior to the commencement of Administrative Rulemaking. The proposed rules would regulate the use of insurance scores, written standards on obtaining an insurance score or a consumer report, use of insurance scores and consumer report information in underwriting and rate-making, prohibited use of certain credit factors, the filing of underwriting models and rates, notice to insured, and additional consumer protections and penalty provisions.

According to the department, the purpose of this proposal is to specify the conditions that are required before insurers can use insurance scores or information from consumer reports for determining underwriting eligibility or for the rating and pricing of private-passenger automobile and homeowners insurance; and the obligations of insurers with respect to providing information and assistance to consumers.

In its comments, PIANH related to the department the concerns of some members that the requirement could be an unreasonable burden for carriers, particularly as it relates to RSA417:4 VIII (g) titled "Unfair discrimination." Agents point out that, according to this proposal, charging a higher premium for insurance solely on the basis of information obtained from a credit rating could subject every insurer to a violation of the RSA, since the application of a low credit score will always result in a higher premium. PIANH is seeking further clarification of this issue from the department. Other concerns expressed to the department involved the requirement on the carrier to update the score every 36 months and the possibility that this may result in a higher premium for the insured. Overall, agents expressed their preference for an insured to have the ability to go to his or her agent and ask for the credit to be re-run, rather than mandating the insurer to run the score at various intervals.

Stay tuned to future PIA publications for more information on this issue.

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