

BULLETIN

Docket No.: INS 01-002-AB

DATE: February 26, 2001

TO: All Licensed Writers Private Passenger Automobile Coverage
All Licensed Writers of Homeowners Coverage

FROM: Paula T. Rogers
Commissioner

**RE: CREDIT REPORTS, CREDIT HISTORIES, CREDIT SCORING MODELS
UNDERWRITING/RATING – REQUIREMENTS FOR FILING & APPROVAL
PURSUANT TO RSA 412:14-a and RSA 414:3 IX.**

This Bulletin is issued to remind you that pursuant to the provisions of RSA 412:14-a and RSA 414:3 IX.:

“Underwriting models and rate filings which rely upon information in credit reports, credit histories, or credit scoring models shall be subject to express approval by the insurance department.”

The Department interprets the term “underwriting model” as used in the section noted above to mean a rating tier. A tier is a level or division of a company’s rating system that will yield a separate and distinct rate. This includes rating distinctions between companies within a group of affiliated companies.

Further, those same statutory provisions require that:

“The use of credit reports, credit histories, and credit scoring models for underwriting and rating purposes shall be based upon objective, documented, and measurable standards and shall be used in a manner which affords appropriate consumer protections, including consumer notice provisions and confidentiality protections.”

Lastly, Ins 1401.05 provides that no company shall move a policy to a different tier within one company resulting in a different rate for the insured unless it does so in accordance with its underwriting guidelines filed with the Commissioner.

The Department is currently reviewing compliance with the above statutes. Insurers found in violation of the above statutes are subject to the penalty provisions of RSA 412:16; RSA 412:17 and RSA 414:8.

Additionally, the Department is in the process of an administrative rulemaking proceeding to “regulate the use of such information in (the) underwriting and rating”. Information relative to this administrative rulemaking proceeding (Ins 3300 Credit Reports) may be found at the Department’s website: www.state.nh.us/insurance.

If you have any questions regarding this bulletin please contact Michael Blake at 603-271-2261.

(creditreports.doc)