



June 30, 2009

Commissioner Kim Holland, Chair
NAIC Market Regulation and Consumer Affairs (D) Committee

Director Michael McRaith, Chair
NAIC Property and Casualty (C) Committee

National Association of Insurance Commissioners
2301 McGee Street, Suite 800
Kansas City, MO 64108-2662

Dear Commissioner Holland and Director McRaith:

Credit-based insurance scoring has been the subject of legislation and regulation in nearly every state, and has been studied extensively by state and federal governments and even considered previously by the NAIC. The consensus that emerged from all of this deliberation and fact-finding is that insurance scoring has substantial value as a legitimate and lawful risk predictor. And, while its use is to be regulated, generally in line with the NCOIL Model, it would do far more harm than good to ban it.

Many of the comments in this letter respond specifically to items discussed during the June NAIC hearing, and should be read in the context of our earlier testimony and submissions.

The Consensus on Insurance Scoring Serves the Public Well.

Since the advent of insurance scoring, the personal lines of insurance are very competitive and available and prices have generally been quite moderate, outside of a few catastrophe prone areas. Meanwhile, residual markets are at historic lows. And, large majorities of consumers either benefit from scoring in terms of lower rates or the impact on them is neutral.

Unsatisfied with this favorable climate for consumers, anti-industry advocates claim that insurance scores must be going down and premiums up as a result of current economic conditions; the issue should be revisited and the hard won consensus destroyed. The

Rather, it interacts with other factors like vehicle type, age, territory, etc. Because each insurer's book of business differs, even with standardization, AIA would expect their scores to differ as well. Regardless, shopping consumers benefit from these differences and from competition. Further, there seems to be no need to stifle this beneficial competition.

No Scores or Thin Files May Not All Be Treated the Same.

