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- Can a committee of the NAIC commit the resources of the NAIC without a vote of approval by the entire body?
- What value would a data collection exercise have if only a few states participate?

We believe these threshold issues, especially related to the cost benefit question need to be addressed before the data call can proceed. To provide a concrete example of the issue of cost, we asked one member to provide an estimate related to cost of compliance. This particular member does business in about 20 states.

The estimate in time is staggering. This company reports that it would take one full time person 170 hours to comply with the data call. This is based on the assumption that no issues related to data availability, programming or technical issues arise. The company stressed that these issue always arise during data calls and the time estimate was almost certainly conservative. To be clear, that is nearly a month of full time effort to comply. Multiplying that cost across the industry illustrates our concern related to a cost-benefit analysis; it will cost the industry millions of dollars to comply. That is millions of dollars of cost that will be passed on to insurance consumers, the very same consumers who are not complaining about and benefit from the use of credit-based insurance scores.

### **Specific Concerns**

Beyond the threshold issues, we also have specific concerns related to the data call itself. The most serious issues relate to Table III, IV and V. These sections have a fundamental flaw. They require insurers to provide data on the relative weight and range of a laundry list of rating factors. The instructions indicate to provide the information for each factor, assuming the other factors remain constant. The fundamental problem with this approach is that rating factors are not weighed in a vacuum. They interrelate and interplay with one another.

For example, the factors of age and gender always interrelate. To isolate age, without also including gender provides meaningless information. In essence, this proposal will produce data that do not reflect how insurers actually use the information. The intent is to gather data to presumably reflect what is happening in the market, the outcome though will essentially produce information that does not reflect reality.

The same dynamic, collecting information that ignores how insurers actually use it will produce results that make aggregation of the data virtually impossible. The scope of the survey will result in literally volumes of information that will literally be meaningless.

The data call also ignores the variety of state law on how certain rating factors can be used. For instance, the information from insurers in Michigan will be different than those in California, how will those differences be accounted for in aggregation?

We raise the following questions related to the Additional Information section:

- Question 1 – what purpose does this serve?

- Question 3 – states have a variety of consideration that could qualify as Extraordinary Life Circumstance – how do insurers account for these differences?
- Question 5 – is it fair to assume that each st