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RALPH S. TYLER
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BETH SAMMIS
Deputy Commissioner

P. RANDI JOHNSON
Associate Commissioner
Property & Casualty

525 St. Paul Place, Baltimore, Maryland 21202-2272
Direct Dial: 410-468-2301 Fax: 410-468-2306
Email: prjohnson@mdinsurance.state.md.us
1-800-492-6116 TTY: 1-800-735-2258
www.mdinsurance.state.md.us

BULLETIN 08-11

To: Property and Casualty Insurers Writing Private Passenger Automobile Insurance and All Interested Parties

RE: Use of Credit History in Conjunction with Private Passenger Automobile Insurance

Date: April 18, 2008

In November of 2002, the Maryland Insurance Administration ("MIA") issued Bulletins 02-23a and 02-23b (copies are available on the MIA website). Those Bulletins described an insurer's obligation when they make the business decision to use credit history in conjunction with rating a private passenger motor vehicle insurance policy. **Please Note:** Maryland law prohibits an insurer from using credit history to underwrite, cancel or refuse to renew a private passenger motor vehicle insurance policy and prohibits its use in underwriting or rating of homeowner's insurance policies. See §27-501 of the Insurance Article.

To ensure that the MIA's records accurately reflect the most current credit scoring model(s) being used by those private passenger motor vehicle insurers utilizing credit history for rating purposes, the MIA is requesting that:

1. All insurers authorized to sell private passenger motor vehicle insurance, regardless of whether they use credit history, complete Section 1 of the verification form that accompanies this Bulletin, sign and date it including the title of the person completing the form on behalf of the insurer and return the completed form to the MIA on or before **June 18, 2008**.
2. In addition to providing the information requested in Section 1, each insurer that utilizes credit history in conjunction with its rating of private passenger motor vehicle insurance is also to provide current responses to the questions relating to the specific model(s) being used by the carrier as set out in Section 2 of the verification form attached hereto.
3. Each insurer, as required in this bulletin, is reminded that it is to provide updated information to the Maryland Insurance Administration whenever it changes credit-

scoring models or applies them to different programs; that is to submit a new form if a new model is being utilized.

Please note: It is essential that insurers always provide the Maryland Insurance Administration with their most current credit scoring model identifier(s) as this data is frequently used when resolving Consumer Complaint and Market Conduct issues.

The completed forms may be returned either electronically or in paper form. If returned electronically, the forms should be in PDF format and emailed to Ms. Marsha Hall at mhall@mdinsurance.state.md.us If returned in paper form, they should be mailed to: Ms. Marsha Hall, PPA – Use of Credit History, Maryland Insurance Administration, 525 St. Paul Place, Baltimore, MD 21202 or sent by facsimile to Ms. Hall at (410) 468-2306. If you have questions regarding the submission of the forms please contact Ms. Hall at the above email address or by telephone at (410) 468-2314.

If you have general questions regarding this Bulletin, please contact Dave Diehl Chief Administrator, P&C by email at ddiehl@mdinsurance.state.md.us or by telephone at (410) 468-2320

Ralph S. Tyler, Insurance Commissioner

By: _____
P. Randi Johnson, Associate Commissioner
Property & Casualty

**PRIVATE PASSENGER MOTOR VEHICLE INSURANCE:
USE OF CREDIT HISTORY**

Section I:

_____ (Insurer Name), NAIC number: _____, hereby verifies that the following information is correct and accurate:

() The company does not use credit history in the rating of private passenger motor vehicle insurance policies.

() The company does use credit history in the rating of private passenger motor vehicle insurance policies.

I certify that I have been authorized by the above-named insurer to complete this verification form on its behalf. The insurer understands that the Maryland Insurance Administration will rely upon the information provided by the company in this form. If it is determined that the information provided in this form is incorrect or inaccurate, the insurer may be subject to administrative action under §4-113 of the Insurance Article.

Signature of Authorized Officer

Date

Printed Name of Authorized Officer

Title of Authorized Officer

Section II:

For those insurers using credit history in the rating of private passenger motor vehicle insurance policies, the following information is to be provided:

The insurer uses the following credit scoring model(s) effective _____ for all policies sold, issued, delivered or renewed with an effective date of _____ or later. Please check all that apply.

A. FairIsaac Credit Based Scoring Models:

1. FairIsaac / Equifax

- () a. non standard auto
- () b. standard auto
- () c. preferred auto
- () d. other

Model

2. FairIsaac / Experian

Model

- () a. non standard auto _____
- () b. standard auto at minimum limits _____
- () c. standard auto at greater than minimum limits _____
- () d. preferred auto at minimum limits _____
- () e. preferred auto at greater than minimum limits _____
- () f. other _____

3. FairIsaac / TransUnion

Model

- () a. non standard auto _____
- () b. standard auto at minimum limits _____
- () c. standard auto at greater than minimum limits _____
- () d. preferred auto at minimum limits _____
- () e. preferred auto at greater than minimum limits _____
- () f. other _____

B. ChoicePoint Credit Based Scoring Models:

- () a. Attract MD Std. Auto
- () b. Attract MD Non-Std. Auto
- () c. Other _____

C. Proprietary Credit Based Scoring Models:

- () a. _____
- () b. _____