



**STATE OF NEW YORK
INSURANCE DEPARTMENT**
25 BEAVER STREET
NEW YORK, NEW YORK 10004

George E. Pataki
Governor

Howard Mills
Acting Superintendent

Circular Letter No. 2 (2005)
February 25, 2005

TO: ALL AUTHORIZED PROPERTY/CASUALTY INSURERS, RATE SERVICE ORGANIZATIONS, NEW YORK AUTOMOBILE INSURANCE PLAN, NEW YORK PROPERTY INSURANCE UNDERWRITING ASSOCIATION, AND INSURANCE PRODUCER ORGANIZATIONS

RE: LIMITATIONS UPON AND REQUIREMENTS FOR THE USE OF CREDIT INFORMATION FOR PERSONAL LINES INSURANCE – EMERGENCY ADOPTION OF REGULATION NO. 182 (11 NYCRR 221)

STATUTORY REFERENCE: ARTICLE 28 OF THE INSURANCE LAW

This is to inform the property and casualty insurance industry that the Department has promulgated Regulation No. 182 (11 NYCRR 221) on an emergency basis.

Chapter 215 of the Laws of 2004, effective April 23, 2005, adds a new Article 28 to the Insurance Law entitled "Use of Credit Information." Article 28 establishes limitations upon, and requirements for, the permissible use of credit information to underwrite or rate risks for personal lines insurance. The purpose of Regulation No. 182 is to facilitate implementation of Article 28 by insurers doing business in New York State.

Article 28 and Regulation No. 182 apply to the use of credit information to underwrite and rate personal lines insurance policies applied for, or renewed, on and after April 23, 2005. Article 28 and the regulation provide:

- prohibitions on the use of credit information, permissible use of credit information, and the requirements for obtaining current credit information;
- standards for the disclosure of the use of credit information in the underwriting and rating of personal lines insurance policies;
- standards for notification when an insurer takes an adverse action based upon credit information; and
- requirements for the re-underwriting and re-rating of an insured when a current insured obtains a dispute resolution and error correction determination under the federal Fair Credit Reporting Act if the credit information used by the insurer was found to be incorrect or incomplete.

Regulation No. 182 requires that the insurer include in its disclosure notices a toll-free telephone number. The toll-free number should be answered by, or directed to, the division or department that is staffed by persons handling inquiries regarding the use of credit information by the insurer. A toll-free number with the appropriate telephone extension number for the applicable division or department is also acceptable.

Regulation No. 182 specifies requirements for filing the scoring model (or other scoring processes), including revisions thereto, with the Superintendent. Scoring models (or other scoring processes) in use as of April 23, 2005 and those that insurers start using after April 23, 2005 but prior to August 15, 2005, should be filed with the Superintendent as soon as possible but no later than July 1, 2005. With respect to a scoring model that an insurer intends to start using on or after August 15, 2005, the insurer shall file its scoring model (or other scoring processes) with the Superintendent at least 45 days prior to use. Summaries of revisions to previously filed scoring models (or other scoring processes) shall be filed no later than 45 days after its use, but insurers are strongly encouraged to file the summaries prior to use.

The regulation also requires that insurers complete and submit an Insurer Credit Information Compliance Certification in a form prescribed by the Superintendent, along with every scoring model (or other scoring processes) filing and every summary of revisions. Attached to this Circular Letter is the Insurer Credit Information Compliance Certification

form required by Regulation No. 182. The form may also be found at the Department's website ([PDF Format](#)) ([WORD Format](#)).

Any question regarding this Circular Letter should be directed to:

Personal Auto Stephen Solomon, Supervising Examiner
New York State Insurance Department
25 Beaver Street
New York, NY 10004

by e-mail at [Stephen Solomon](#).

Other Personal Lines Lucy Cilione, Supervising Examiner

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Very truly yours,

Mark Presser
Assistant Deputy Superintendent & Chief
Property Bureau