

18.02.01 – INSURANCE RATES AND CREDIT RATING

000. LEGAL AUTHORITY.

Title 41, Sections 41-211 and 41-1843, Idaho Code.

(3-20-04)

001. SCOPE.

01. This rule relates to the use of credit rating or credit history by insurers subject to said sections. (3-20-20)

002. – 009. (RESERVED)

010. DEFINITIONS.

As used in this chapter, the following words have the following meanings:

(3-20-20)

01. **Consumer Report.** Any written, oral, or other communication of any information by a consumer reporting agency regulated under the federal Fair Credit Reporting Act (15 U.S.C. 1681) that bears on a consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living. (3-20-04)

02. **Credit Factor.** A factor or criterion that consists of or is derived from information obtained from a consumer report, and is used by an insurer in determining policy premium rates or in determining whether to issue, cancel, or non-renew a policy. (3-20-20)

03. **Noncredit Factor.** Any factor other than a credit factor reasonably expected to affect the risk assumed by an insurer and used by the insurer in determining policy premium rates, or in determining whether to issue, cancel or non-renew a policy. (3-20-04)

011. -- 099. (RESERVED)

100. USE OF CREDIT FACTORS.

01. **Application of Statute.** To determine whether a decision is not improperly based primarily upon a credit factor or factors, the Department will apply the following criteria: (4-4-13)

a. If an insurer declines to issue, non-renews, or cancels a policy based in any part upon a credit factor, then the insurer demonstrates it also relied upon a noncredit factor or combination of noncredit factors in making the decision and the noncredit factor(s) played a greater role in the decision than the credit factor (3-20-20)

b. If an insurer relies in any part upon a credit factor in establishing an initial rate or to impose an increase in premium rate for a customer, then the insurer is to ensure that the difference in the premium rate using the highest credit factor and the lowest credit factor, all noncredit factors being unchanged and notwithstanding any optional coverages, does not exceed one-half (½) the higher premium rate. (3-20-20)

02. Information for Review. To evaluate whether a rating decision was based primarily upon credit factors, the insurer will have on file with the Department, in a manner approved by the Director the details of their rating process, including all factors considered in the process; describing how the process is applied; and attesting in writing that rate, issuance, non-renewal, and cancelation decisions are not primarily based on credit factors. The Department may also require the insurer to apply its rating process to hypothetical cases. (3-20-04)

101. -- 200. (RESERVED)

201. RETENTION OF RECORDS.

Insurers subject to this rule will document the factors and criteria considered in underwriting and rating decisions and will retain the documentation for at least five (5) years. (3-20-20)

202. -- 999. (RESERVED)