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To: All Interested Persons and State Insurance Legislators
From: Rep. Matt Lehman (IN) – NCOIL Immediate Past President; Sponsor of NCOIL Insurance Underwriting Transparency Model Act
Date: June 14, 2022
Re: Requested Feedback

Thank you to everyone who has reached out to me with feedback on my Insurance Underwriting Transparency Model Act (Model). The latest draft of the Model appears following this memo. In addition to the changes in the latest draft, I am requesting that all interested persons and state insurance legislators seeking to engage in further discussions on the Model submit specific comments on the issues listed below.

Based on recent actions being taken by regulators, it is very important to me that this Model be approved by the 2022 NCOIL Annual Meeting in November so that states seeking guidance on this issue can have this Model to consider. Continuing discussions in states surrounding the overall issue of underwriting transparency have been steadily increasing, and with this Model, NCOIL has an opportunity to again be a leader on an important insurance public policy issue. However, as I have made clear since the start of this process, while consumer protection remains paramount, I am not trying to force anything upon the industry without listening to its concerns and accommodating them when appropriate.

I look forward to working with all interested parties, as well as my fellow legislators, on this going forward. Please submit any feedback to me at matt@bixlerinsurance.com or Will Melofchik, NCOIL General Counsel, at wmelofchik@ncoil.org.

- 1.) Should the Model apply to renewals only or also to denials and cancellations?
- 2.) How can the definition of “external consumer data” be clarified so that it achieves the Model’s goal of fairness and transparency but is not overly restrictive?
- 3.) Should language be included in Section 3(a) to differentiate between “underwriting” and “rating” risks?
- 4.) In Section 3(a), how many “primary factors” should be subject to the disclosure requirement? I want the number to be meaningful, but I also recognize the need for insurers to protect proprietary information. There were some concerned about the term “all” before primary factors

and I want to be clear that “all” the factors considered in calculating the final decision must be a part of the matrix but only the top 10 included in the consumer disclosure.

5a.) Should the terms “primary factors” and/or “primary influences” used in Section 3 be defined?

5b.) Should other terms replace “primary factors” and/or “primary influences”?

6.) Should the term “written notice” as used in Section 3 be further clarified?

7.) In Section 3, should a request by the consumer’s insurance agent trigger the disclosure requirements? If so, should language be included in the Model to make that clear?

8.) Should the model include the level of penalty or should the specific citation in the penalties section of the Model be left blank and therefore provide states the recommended option of determining the level of penalties as they deem proper?

9.) Should the effective date of the Model: stay at 6 months; be longer than 6 months; or be left blank so that states can decide as they deem proper?