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USE OF CREDIT DATA IN INSURANCE UNDERWRITING AND RATING

The Nevada Division of Insurance (Division) continues to receive complaints regarding the use of the consumers' credit data when calculating personal lines insurance premiums. In working to resolve these complaints, the Division has determined that a reminder of Nevada's existing statutes related to credit-based insurance scoring would be beneficial. This bulletin serves as a reminder of the existing laws that govern personal lines insurers when using consumer credit information in their underwriting or rating process.

NRS 686A.600 through NRS 686A.730, inclusive, place limitations and requirements on how consumer credit information may be used for insurance purposes, including the underwriting and development of initial and subsequent rates. It is an insurance company's duty to abide by the limitations and requirements outlined by Nevada law. The Division interprets this duty to include dissemination of clear, concise rating manuals and programs to appropriate insurance company staff that provide rating information to consumers on behalf of the insurance company. Furthermore, the Division strongly suggests appropriate insurance company staff be trained to assist consumers in understanding the calculation of their insurance premiums when questions arise.

The Division will continue to fully investigate credit-related complaints for consumer resolution, as well as insurer compliance with NRS 686A.600 through NRS 686A.730, inclusive, and any other applicable credit-related laws including disclosure requirements. In addition to any other relevant penalty statutes, pursuant to NRS 680A.200(1)(d), discovery of any violation of the insurance code may lead to an administrative fine of not more than \$2,000 for each act or violation.

SCOTT J. KIPPER
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