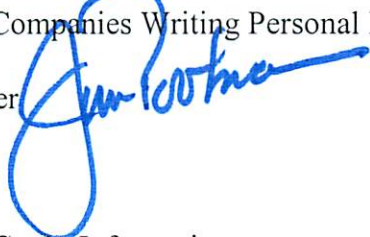




DEPARTMENT OF INSURANCE
STATE OF NORTH DAKOTA

Jim Poolman
Commissioner of Insurance

BULLETIN 2004-1

TO: All Property and Casualty Companies Writing Personal Lines Insurance
FROM: Jim Poolman, Commissioner 
DATE: April 21, 2004
SUBJECT: Use of Personal Insurance Credit Information

The 58th Legislative Assembly enacted House Bill No. 1260 creating a new statute relating to the use of credit information in personal lines insurance. The statute found in N.D. Cent. Code Chapter 26.1-25.1 is effective on April 30, 2004.

Policies written and renewed after the effective date must be in compliance with the statute.

The Department will review any consumer complaints regarding the use of credit in personal lines to make sure that the company:

- Did not deny, cancel or non-renew a policy of personal insurance based solely on the use of credit information;
- Did not take adverse action against a consumer solely because the consumer does not have a credit card account without consideration of other pertinent factors independent of credit information;
- Did not consider an absence of credit information or an inability to calculate an insurance score in underwriting or rating personal insurance, unless the insurer:
 - a. Treated the consumer in a manner approved by the Commissioner,
 - b. Treated the consumer as if the applicant or insured had neutral credit information, or
 - c. Excluded the use of credit information;
- Did not take an adverse action based on credit reports older than 120 days;

- Obtained updated credit information at least every 36 months or annually, if requested by the insured;
- Did not treat the following factors as negative:
 - a. Credit inquiries not initiated by a consumer-requested transaction nor initiated by a consumer for his or her information,
 - b. Inquiries relating to insurance coverage,
 - c. Medically-related collections,
 - d. Multiple mortgage lender inquiries from within the same 30-day period,
 - e. Multiple automobile lender inquiries from within the same 30-day period;
- Re-underwrote or re-rated and adjusted premium within 30 days following receipt of notice of an incorrect report; and
- Provided required disclosures regarding use of credit information, including disclosure of the use of credit information to new applicants and disclosure of specific reasons for adverse actions.

Please direct any questions regarding this bulletin to Larry Maslowski at (701) 328-4976.

JP/njb