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Statement of the National Association of Independent Insurers Regarding the Use of Credit Information by Personal Lines Insurers

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The National Association of Independent Insurers (NAII) is a property/casualty insurance trade association with more than 690 member insurance companies. NAII member companies are responsible for 53.3% of the personal lines premium volume written in Michigan. The number of NAII member companies domiciled in Michigan totals 22.

This statement addresses the following issues:

- The legal authority for personal lines insurers' use of credit information
- The development and nature of credit-based insurance scores
- How the use of insurance scores achieves the fundamental goals of insurance underwriting and rating.
- Answers to concerns about insurers' use of credit information

Legal Authority for Personal Lines Insurers' Use of Credit Information

The use of credit information by personal lines insurers is nothing new. For more than thirty years, federal law has authorized personal lines insurers to use credit information for underwriting and rating.

Fair Credit Reporting Act

The federal Fair Credit Reporting Act (FCRA) was enacted in 1970. The Act regulates the use of credit information about consumers. The FCRA specifies that consumer reporting agencies (also called "credit bureaus") may only provide consumer credit reports without written authorization for certain permissible purposes. One of the FCRA's express permissible purposes for providing a credit report is "in connection with the underwriting of insurance involving the consumer."[1] The FCRA defines "consumer report" to include a report to establish a consumer's eligibility for "insurance to be used primarily for personal, family, or household purposes."[2]

The use of credit information for personal lines insurance underwriting takes in a range of activities. For the purposes of the FCRA, "underwriting" includes the decision whether or not to issue a policy, the decision whether or not to renew or cancel a policy, the amount and terms of coverage, the duration of the policy, and the rates to be charged.[3] A personal lines insurer may use credit information for all of these activities.

The FCRA imposes responsibilities on an insurer that receives credit information from a consumer reporting agency. The insurer must certify that it is obtaining the credit information for a permissible purpose.[4] In addition, whenever insurance is denied or the charge for insurance is increased because of information contained in a credit report, the insurer must notify the consumer and must supply the consumer with the name, address and toll-free telephone number of the consumer reporting agency that provided the credit report. The consumer must also be advised by

[1] 15 U.S.C. §1681b(a)(3)(c).
[2] 15 U.S.C. §1681a(d)(l).
[3] FTC Official Staff Commentary on 15 U.S.C. §1681b(a)(3)(c).
[4] 15 U.S.C. §1681e(a).

the insurer that the consumer has a right to a free copy of the credit report and may dispute the accuracy or completeness of any information in the report.[5]

State Laws

To some extent, the FCRA preempts state laws relating to the collection, distribution and use of credit information about consumers. The Act's preemption of state laws has two aspects. First, a state law is preempted if it is inconsistent with the FCRA.[6] Second, the FCRA lists a number of subjects on which states are preempted from imposing any requirement or prohibition.[7] The list includes prescreening activities. "Prescreening" is the process whereby a consumer reporting agency compiles a list of consumers who meet specific criteria and provides the list to an insurer for the insurer's use in making firm offers of insurance to consumers on the list. The preemption of state laws relating to prescreening remains in place until January 1, 2004.[8]

Credit-Based Insurance Scores

Development of Insurance Scores

Although credit information was authorized for underwriting and rating personal lines insurance, credit reports were not widely used by personal lines insurers until the past few years. The major reason for the limited use of credit information was that many individual underwriters do not have the expertise to evaluate credit history as it relates to loss potential. The evaluation of the relationship between credit information and the likelihood of insured losses requires a high degree of analytical skill.

During the past decade, Fair, Isaac and some insurance companies have developed systems which analyze how certain credit characteristics relate to loss ratios for automobile and homeowners insurance. Credit-based insurance scores are products of these systems.

[5] 15 U.S.C. §1681m(a).
[6] 15 U.S.C. §1681t(a).
[7] 15 U.S.C. §1681t(b).
[8] 15 U.S.C. §1681t(d)(2)(A).

The insurance scoring systems are based on analyses of the credit reports and loss ratios of millions of automobile and homeowners insurance policyholders. The analyses have produced mathematical models that weigh various credit characteristics based on how each characteristic relates to loss ratios. The models are used to generate credit-based insurance scores. Insurance companies use the insurance scores to help them make decisions, including whether to write a policy, whether to renew a policy, and what premium to charge for a policy.

The availability of insurance scores has given insurance companies the ability to use objective, highly skilled analyses of credit information in their underwriting and rating processes. The biases and limited expertise that individual underwriters brought to the examination of credit reports are eliminated by insurers' use of insurance scores.

Insurance Scores vs. Credit Scores

Insurance scores are different than credit scores. Financial institutions and other businesses use credit scores to evaluate the likelihood that a person will repay a loan or make payments on a credit purchase. Personal lines insurance companies use insurance scores to evaluate the likelihood that a person will have an insured loss.

Credit scores and insurance scores may consider some of the same items in credit reports, but they do not consider exactly the same items. For example, credit scores typically consider a consumer's income; insurance scores do not consider income. And when the same item of credit information is considered by both a credit score and an insurance score, the credit score and the insurance score will give the item different weights. Credit characteristics are weighted differently because the purposes of the credit score and the insurance score are completely different.

The distinction between a credit score and an insurance score explains the situation where a person is able to find homeowners insurance coverage but is unable to qualify for a home loan because of his or her credit score and also the rare situation where a person qualifies for a home loan but his or her application for homeowners insurance is denied by an insurance company because of the person's insurance score. The credit score measures the likelihood that the person will make his or her home loan payments. The insurance score measures the likelihood of future insurance losses based on an analysis of the person's past financial behavior.

Underwriting and Rating Goals

Credit-based insurance scores are not a departure from the fundamental goals of insurance underwriting and rating. Personal lines insurance companies use insurance scores to better achieve the goals of objectivity, completeness, equity, efficiency, and insurance availability.

Objectivity

Leaving the evaluation of credit report information to the judgment of individual underwriters can potentially produce inconsistent and unfair results. Insurance scores are based on objective, unbiased analyses of credit information. Insurance scores eliminate individual biases from underwriting and rating. Credit-based insurance scores have nothing to do with "gut feeling" and insurance scores have no "good days" and "bad days."

The objectivity that insurance scores add to the underwriting process does not mean that computers make underwriting decisions. An insurance score is simply a tool which underwriters use to help them make decisions which are consistent with the insurance company's underwriting standards.

Completeness

Insurance scores supplement other underwriting and rating information. They help to give a more complete picture of a risk of loss.

Some information which insurers use to make underwriting and rating decisions has limitations. Insurance application information is subject to concealment, misrepresentation and negligence. Actuarial studies have found that as many as 75% of all claims in the Comprehensive Loss Underwriting Exchange (CLUE) Auto and Property reports are not disclosed on insurance applications.[9] It is estimated that incorrect information results in an overall 10% premium inadequacy.[10] Third-party data sources provide insurers with important information but they have some shortcomings. An Insurance Research Council study found that only 40% of the accidents which should have been in Motor Vehicle Records were actually there.[11] Even insurance claims records do not capture the complete picture of a person's accident experience. Some accidents are not entered into the CLUE system because no insurance coverage was involved. And not all insurance companies participate in the CLUE database.

Insurance applications, MVRs, and CLUE reports remain critical elements in insurance underwriting and rating. But that does not mean that these sources of information are complete. Insurance scores help insurers gain a more complete understanding of the risk of loss.

Equity

Insurers have a responsibility to continually refine their risk classifications and their rating procedures so that premiums reflect loss potential. In fact, competitive market pressures compel insurers to make sure that they use rates that are commensurate with the likelihood of loss. When rates do not reflect loss costs, some consumers must pay higher premiums to subsidize higher risk individuals.

There is an established relationship between credit-based insurance scores and loss ratio relativities. The reality is that aspects of a person's credit history correlate to the likelihood that the person will have an insured loss covered by his or her automobile or homeowners insurance policy. If insurers are forced to ignore this reality, the result will be pricing inequity. Many consumers will have to pay more than they should be paying because insurers are prevented from considering the consumers' true risk of loss.

Efficiency

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[9] D. H. Pillsbury, "Rough Notes System Establishes Link to Equifax," *Rough Notes*, March 1996, p. 3.
[10] D. Finnegan and S. Moffat, "Auto Insurance Pricing Crisis," *Quality Planning Corporation*, 2000.

Insurance scores make underwriting and rating more efficient. The availability of credit-based insurance scores streamlines the underwriting process and reduces costs. Ready access to credit-based insurance scores allows a company to decide that it will not order motor vehicle records or claim reports on new business applications above a certain insurance score, thereby saving underwriting costs. Or, an insurer may determine that it needs to focus more careful underwriting review and collect additional information on applicants who fall below a certain score.

By using insurance scores, insurers are able to make underwriting and pricing decisions quickly. This gives consumers immediate information for comparison shopping.

The efficiency and cost-saving which insurance scores provide allow insurers to hold down administrative expenses. Lower expenses result in lower premiums for consumers.

Availability

We recently surveyed a sample of NAII personal lines insurers on their use of credit information. A cross-section of members, ranging from large to small-sized insurers, participated in this survey. Those companies responding included AAA of Missouri, Allstate, American Family Mutual, Badger Mutual, Farmers Mutual Insurance Company of Nebraska, GuideOne Insurance Company, National General Insurance Company, Progressive, and USAA.

Survey results indicate that there are companies that currently use credit information to accept applicants, who probably would otherwise not be accepted, for personal auto or homeowners insurance coverage. In addition, insurance companies are now renewing policies that probably would not be renewed, were it not for the use of credit information. Certain insurers have even stated that, as a result of using credit information, they are now more likely to write some cars and homes more aggressively, including cars and homes in urban areas.

Many policyholders are paying lower premiums because their insurers consider credit information. Some respondents to our survey said that more than half of their policyholders are in

[11] *Adequacy of Motor Vehicle Records in Evaluating Driver Performance* (Insurance Research Council, 1991).

this category. Their estimated percentages of policyholders paying lower premiums as a result of their good credit histories range from 50% to 98% of total auto or homeowners policyholders. If credit information could no longer be used, then this majority of policyholders – in some cases, an overwhelming majority – would have to pay higher premiums.

The insurers responding to our survey are only a sampling of companies. We are confident that there are other NAII members and certainly other insurers outside of the NAII membership that have found credit information as a way to make insurance coverage more available at lower premiums to more consumers. Clearly, policyholders have benefited from companies' use of credit information, whether it be obtaining insurance, keeping insurance, or paying lower premiums for insurance.

There have been a lot of anecdotes and several theories offered about how the use of credit information may affect insurance markets. Insurance companies are not involved in anecdotes or theories. They are real businesses that are providing protection to millions of drivers and homeowners across the nation, in part at least, because the insurers have credit information as an available tool for underwriting and rating.

Too often the debate over insurers' use of credit information has focused on the notion that insurance companies use insurance scores to reject people. But insurance companies are not in the business of not writing business. Insurance companies are in the business of writing policies covering cars and homes. Credit information gives insurers a tool to underwrite and fairly price personal lines coverages.

In insurance markets today, drivers with less than perfect driving records and homeowners whose houses may fall short of so-called "traditional" underwriting factors are being accepted and renewed by insurance companies because they have good credit histories.

Most people have good credit histories. The use of insurance scores by personal lines insurance companies gives people with favorable insurance scores a better chance to find insurance, and often find it at prices that save them money. On the other hand, restricting the use of credit information presents a real danger that consumers who are able to find fairly priced insurance protection today will not be able to find that insurance tomorrow.

Concerns about Insurers' Use of Credit Information

Some concerns have been raised about insurers' use of insurance scores. These concerns include the following:

1. There is no proven correlation between credit-based insurance scores and the risk of loss.

2. There is no proof that a person's credit history causes insured losses.

3. Insurance scores discriminate against some consumers, especially low-income consumers and minorities.

4. Insurance scores simply overlap with variables already taken into account in an insurer's underwriting and/or rating process.

5. Insurance scores are based on inaccurate credit data.

Correlation

The Casualty Actuarial Society awarded its 2000 Ratemaking Prize to James E. Monaghan for his paper, "The Impact of Personal Credit History on Loss Performance in Personal Lines." Mr. Monaghan compiled a database of 170,000 automobile insurance policies. He then examined the credit history of the named insured in each of the policies in order to determine whether the insured's credit characteristics correlated with the insured's loss ratio relativity. Monaghan's paper details how variations in each of the following credit characteristics correlates to variations in loss ratio relativity:

- amounts past due at least thirty days

- bankruptcies, tax liens, civil judgments and foreclosures
- collection records transferred to a collection agency
- status of trade lines (trade lines include credit cards, installment loans, student loans, etc.)
- age of oldest trade line
- non-promotional credit inquiries
- leverage ratio on revolving-type accounts
- revolving account limits

Monaghan's conclusion is that each of these credit characteristics showed a "systematic predictive power" on loss ratio relativities.

Mr. Monaghan performed a similar analysis on a homeowners insurance database containing $120 million in earned premiums. His paper states the following conclusion:

> "There were striking similarities between the auto and home databases with regard to credit impact on loss experience. The most significant difference seemed to be that derogatory information on a credit report for a homeowners policy had a more severe impact on loss performance. **** The similarities between the loss ratio relativities for [the homeowners and auto] profiles lends credence to the assertion that the impact of bill paying history on insured losses transcends line of business, and is not a characteristic attributable only to property policies and claims associated with them."[12]

Mr. Monaghan's finding of a correlation between particular credit characteristics and loss ratios is the concept on which insurance scores are based. An insurance score combines the predictive power of a number of particular credit characteristics to produce an evaluation of risk of loss that is more accurate and fairer than the predictive power of any one credit characteristic. The correlation between insurance scores and loss ratios has been confirmed.

[12] James E. Monaghan, "The Impact of Personal Credit History on Loss Performance in Personal Lines," *Casualty Actuarial Society Forum*, Winter 2000, p. 96.

In 1996, at the request of the NAIC, Fair, Isaac retained Tillinghast-Towers Perrin to perform a regression analysis of Fair, Isaac's insurance bureau scores and loss ratio relativities. The analysis considered data from nine companies (three auto carriers, five homeowners carriers and one personal property insurer). Tillinghast-Towers Perrin concluded:

> "From the data and P-Values, we conclude that the indication of a relationship between Insurance Bureau Scores and loss ratio relativities is highly statistically significant. In a more technical sense, the conclusion is that it is very unlikely that Insurance Bureau Scores and loss ratio relativities are not correlated based on this data.
>
> The data for all companies included in this study except Company 2 indicates at least a 99% probability that a relationship exists. The data for Company 2 indicate a 92% probability that there is a relationship. A layman's interpretation of this result could be that it is very likely there is a correlation between Insurance Bureau Scores and loss ratio relativities."[13]

In December 1999, the Virginia Bureau of Insurance issued a report to the Virginia General Assembly on insurers' use of credit information. The Bureau examined the development and application of Fair, Isaac's scoring system and reached the following conclusion:

> "Based on the Bureau's findings, there appears to be concrete data indicating that a correlation exists between credit scores and losses. From this purely statistical perspective, therefore, the Bureau is unable to make a recommendation prohibiting the use of credit scores in the underwriting process."[14]

The Casualty Actuarial Society paper, Tillinghast, and the Virginia Bureau of Insurance confirm the correlation between credit information and loss ratios. But perhaps the most convincing evidence of the correlation is the real world experience of insurance companies. Personal lines insurers used credit information in the past, and they are continuing to use credit information to underwrite and rate. Insurance companies are rational, economic entities. It would make no sense for companies to base their underwriting and rating decisions and their economic futures on information which fails to predict the likelihood of loss. The owners of an insurance company

[13] *Insurance Bureau Scores vs. Loss Ratio Relativities* (Tillinghast-Towers Perrin, 1996), pp. 4-5.
[14] *Use of Credit Reports in Underwriting* (Virginia Bureau of Insurance, 1999), p. 19.

would not stand for the company's continued use of information which does not correlate to loss ratios.

Causation

Some have argued that insurers' use of credit information should be prohibited because no cause-and-effect relationship can be established between credit history and insured loss. This demand for proof of causation is curious. Causality is not a precondition for any other risk classification. For example, driving record is a well-established risk classification for automobile insurance, but insurers are not required to prove that past driving accidents *cause* future accidents. Many states allow auto insurers to use marital status and good student status as risk classifications, but there is no expectation that marital status or poor grades *cause* accidents.

In his paper, James Monaghan mentions Section 5.2 of Actuarial Standards of Practice #12 which states the following:

> "5.2 Causality – Risk classification systems provide a framework of information which can be used to understand and project future costs. If a cause-and-effect relationship can be established, this tends to boost confidence that such information is useful in projecting future costs, and may produce some stability of results.
>
> However, in financial security systems, it is often impossible or impractical to prove statistically any postulated cause-and-effect relationship. <u>Causality cannot, therefore be made a requirement for risk classification systems</u>.
>
> Often, the term, 'causality' is not used in a rigorous sense of cause and effect, but in a general sense, implying the existence of a plausible relationship between the characteristics of a class and the hazard for which financial security is provided. For example, living in a river valley would not by itself cause a flood insurance claim, but it does bear a reasonable relationship to the hazard insured against, and thus would be a reasonable basis for classification.
>
> <u>Risk classification characteristics should be neither obscure nor irrelevant to the protection provided, but they need not exhibit a cause-and-effect relationship.</u>" *(emphasis added)*

Therefore, according to established actuarial principles, causality cannot be made a requirement for a risk classification, but any risk characteristic "should be neither obscure nor irrelevant" to the likelihood of loss. There must be some reason why a characteristic relates to the likelihood of loss.

The link between credit history and loss potential has been studied by scholars independent of the insurance industry, in fields such as psychology, safety engineering, occupational medicine, consumer research, and risk perception.[15] The studies offer two common sense theories on why credit history relates to loss potential. First, stress related to credit problems may lead to negligent behavior which could evidence itself in driving and home maintenance. Second, financial irresponsibility may indicate a risk-taking personality. A person who is willing to take on the risks of high credit card debts is likely to be the same type of person who is willing to try to beat a red light or leave a needed repair go until next year.

Insurers use credit information because of its predictive power, not because of the reasons that explain its predictive power. One can agree or disagree with the reasons why credit information works, but the fact of its predictive value is clear. Nevertheless, it is significant that support for the link between credit information and loss potential exists in the academic literature and is intuitively satisfying.

Unfair Discrimination

[15] J.G. Baradell & K. Klein, "Relationship of Life Stress and Body Consciousness to Hypervigilant Decision Making," *Journal of Personality and Social Psychology*, 64 (1993), 267-273.
B. Brehmer, "Psychological Aspects of Traffic Safety," *European Journal of Operational Research*, 75 (1994), 540-552.
L. Evans & P. Wasielewski, "Do Accident Involved Drivers Exhibit Riskier Everyday Driving Behavior?" *Accident Analysis and Prevention*, 14 (Feb. 1982), 57-64.
E. Knowles & H. Cutter, "Risk Taking as A Personality Trait," *Social Behavior and Personality*, 1 (1973), 123-136.
S. Livingstone & P. Lunt, "Predicting Personal Debt and Debt Repayment," *Journal of Economic Psychology*, 13 (March 1992), 111-134.
P. Lunt & S. Livingstone, "Everyday Explanations for Personal Debt," *British Journal of Social Psychology*, 30 (Dec. 1991), 309-323.
S. Streufert, S.C. Streufert & A. Denson, "Information Load Stress, Risk Taking and Physiological Responsivety In A Visual-Motor Task," *Journal of Applied Social Psychology*, 13 (1983), 145-163.
C. Walker, "Financial Management, Coping and Debt In Households Under Financial Strain," *Journal of Economic Psychology*, 17 (Dec. 1996), 789-807.

The charge that insurance scores discriminate against low-income consumers and minorities is easy to make, but it is a charge that is not backed up by any facts.

The fact is that insurance scores only consider a person's credit experience. Insurance scores do not consider any of the following information:

- Income
- Address
- Race
- Ethnic group
- Religion
- Gender
- Familial Status
- Handicap
- Nationality
- Age
- Marital Status

The 1997 NAIC white paper on the use of credit information considered charges that insurers' use of credit histories has a disproportionate impact on protected classes. The paper could find no studies supporting the charge. The white paper states:

> "Some regulators and consumer representatives have expressed their belief that the use of credit history should be prohibited as a matter of public policy. Some have also expressed concern that the use of credit history for underwriting or rating may be a surrogate for prohibited factors, such as race, or for factors already considered, such as age. However, <u>regulators know of no studies in the insurance field that demonstrate that the use of credit history in underwriting an insurance risk has had a disproportionate impact on protected classes</u> although they have been advised that there have been studies of other industries which suggest such an impact."[16] *(emphasis added)*

The Virginia Bureau of Insurance's report, mentioned above, analyzed whether the Fair, Isaac insurance scores result in discrimination based on income or race. The Bureau could find no support for charges of unfair discrimination. The Bureau's report states:

> "Thus, average credit scores, medium household incomes, and ratio make-up by zip code were analyzed to obtain a general indication of correlation. Nothing in this analysis leads the Bureau to the conclusion that income or race alone is a reliable

[16] *Credit Reports and Insurance Underwriting* (National Association of Insurance Commissioners, 1997), p. 14.

predictor of credit scores thus making the use of credit scoring an ineffective tool for redlining."[17]

During the Market Conduct and Consumer Affairs (EX3) Subcommittee's December 6, 1998 hearing on credit reports, Progressive Insurance Company and the American Insurance Association (AIA) presented testimony on the issue of unfair discrimination. Progressive reviewed insurance scores across different areas of population density. The data offered to the Subcommittee showed that insurance scores in densely populated areas were about the same as scores in sparsely populated areas. Thus, consumers living in urban areas have about the same distribution of insurance scores as consumers living in suburban and rural areas. The AIA study used census data to determine whether there was a correlation between insurance scores and income. The study showed that consumers with incomes below $30,000 and between $30,000 and $50,000 had insurance scores equivalent to consumers with incomes greater than $50,000. Thus, the AIA study showed no significant relationship between a person's insurance score and his or her income.

Overlapping Variables

Critics of insurers' use of credit information have argued that insurance scores simply duplicate other variables already being used by insurers and thus insurance scores have no independent predictive value. It is argued that the overlap of insurance scores with other variables results in unfairness to consumers.

In its 2001 study on insurance scoring, Conning & Company used the data in James Monaghan's Casualty Actuarial Society paper to analyze the relationship between insurance scores and other automobile insurance rating variables. Conning found that insurance scores did not overlap with other variables. The study states:

> "Conning concludes that, based on its careful review of the CAS study, <u>the application of credit data to personal automobile insurance underwriting enables much better loss ratio predictions</u>. When credit data were appended to traditional rating variables (i.e., driver age), there were significant differences in loss ratio performance – suggesting that <u>credit data are not likely to overlap other rating</u>

[17] *Virginia Bureau of Insurance*, p. 16.

variables significantly. Insurers conducting their own analysis of credit characteristics and loss ratio performance must examine their data carefully to determine if multicollinearity or spurious correlation is present."[18] *(emphasis added)*

Accuracy of Credit Data

Thousands of businesses which have nothing to do with insurance use credit information every day. There are a few cries that these businesses should be prohibited from using credit data because the data is inaccurate. However, critics of insurance scores charge that insurers, whose use of credit information is much more limited than many other businesses, should be barred from using credit data because the data is erroneous.

The accuracy of credit data stands up to scrutiny. Certainly credit data is at least as accurate as MVRs and claims reports which were discussed above. The 1996 amendments to the FCRA imposed additional requirements on consumer reporting agencies and credit reporters to assure the accuracy of credit information.[19] The amendments also created strict time frames for investigating and correcting information which is disputed by consumers.[20]

Research shows that the error rate in credit reports is low. Trans Union reviewed the experiences of 400,000 consumers whose insurance coverage was affected by the use of credit information. The company discovered that only 0.2% of the insurance consumers disputed the information in their credit reports. Furthermore, only 0.07% of these consumers required corrections to their credit reports.

Conclusion

During the deliberations on the NAIC white paper, several regulators cautioned against restricting insurers' use of credit information. The white paper observes:

[18] *Insurance Scoring in Personal Automobile Insurance* (Conning & Company, 2001, pp. 70-71.
[19] 15 U.S.C. §1681s-2(a).
[20] 15 U.S.C. §1681i.

> “Other regulators believe that if an insurer is deciding whether it will write in a certain geographic area, removing an underwriting tool may create a disincentive for it to enter the market. Insurers will enter a market only when they are comfortable they can underwrite, make a profit, and exit the market if the results are poor. Underwriting restrictions are not conducive to expanding the market. These regulators believe that the premise that credit reports are used not to write in certain areas may be flawed. They believe that regulators should consider the potential harm that may be caused to the market they are trying to assist, before imposing restriction.”[21] *(emphasis added)*

The wisdom of these regulators should be heeded. The use of insurance scores for underwriting and rating has helped to make insurance coverage more available for millions of drivers and homeowners. Restrictions on the use of insurance scores should be approached with great caution.

[21] *National Association of Insurance Commissioners*, p.4.