IDAPA 18 – IDAHO DEPARTMENT OF INSURANCE

Property, Casualty, Auto Insurance

18.02.01 – Insurance Rates and Credit Rating

Who does this rule apply to?
This rule applies to insurers of property and casualty insurance.

What is the purpose of this rule?
The purpose of this rule implements Section 41-1843, relating to the use of credit rating or credit history by insurers.

What is the legal authority for the agency to promulgate this rule?
This rule implements the following statutes passed by the Idaho Legislature:

Insurance -
Department of Insurance:
- 41-211, Idaho Code – Rules

Insurance Contract:
- 41-1843, Idaho Code – Insurance Rates and Credit Rating

Who do I contact for more information on this rule?

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Boise, ID 83720-0043

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This rule chapter will be reviewed in compliance with Section 67-5292, Idaho Code, and in accordance with the 8-year rule review schedule linked here.

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000. LEGAL AUTHORITY.
Title 41, Sections 41-211 and 41-1843, Idaho Code. (3-31-22)

001. SCOPE.
This rule relates to the use of credit rating or credit history by insurers subject to said sections. (3-31-22)

002. – 009. (RESERVED)

010. DEFINITIONS.
As used in this chapter, the following words have the following meanings: (3-31-22)

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. (3-31-22)

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 nonrenew a policy. (3-31-22)

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 nonrenew a policy. (3-31-22)

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: (3-31-22)

a. If an insurer declines to issue, nonrenews or cancels a policy based in any part upon a credit factor, then the insurer will maintain records demonstrating noncredit factors played a greater role in the decision than credit factors. (3-31-22)

b. If an insurer relies in any part upon a credit factor to establish an initial rate or to impose an increase in premium rate for a customer, then the insurer is to ensure the premium rate using the highest credit factor does not exceed twice the premium using the lowest credit factor, all noncredit factors being unchanged and notwithstanding any optional coverage. (3-31-22)

02. Information For Review. To evaluate whether a decision was based primarily upon credit factors, the insurer will have on file with the Department, in a manner approved by the Director, an attestation that rate, issuance, non-renewal, and cancellation decisions are not primarily based on credit factors, and that the rating is compliant with Paragraph 100.01.b. of this rule. The insurer's filing will support the attestation by providing the details of the rating process, including an explanation of all factors considered in the rating process and how the process is applied. The Department may also request the insurer apply its rating process to hypothetical cases. (3-31-22)

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. (3-31-22)

202. – 999. (RESERVED)