



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Bulletin PC-69
March 17, 2011

To: All Companies Writing Personal Risk Insurance in Connecticut

RE: Summary of Consumer Protections Regarding the Use of Credit Required by Public Act 10-7

Effective **July 1, 2011**, insurers are required to provide a written disclosure of consumer protections regarding an insurer's use of credit information as determined by the Insurance Commissioner. The purpose of this Bulletin is to provide the form of disclosure as required by Connecticut law. The form below may be modified taking into account issues that are unique or specific to a particular insurer.

In addition to the "Summary of Consumer Protections" disclosure provided below, insurers are required to notify consumers of **the insurer's name, address, telephone number and toll-free telephone number, if applicable, and detailed information about how the insurer uses credit information to underwrite and rate such insurance policies.** See CGS §38a-686(b)(6)(B)(ii) attached as Appendix A. Companies are advised that such written disclosure is required to be printed in reasonably conspicuous type and be provided by the insurer electronically, by mail or by hand delivery at the time the policy is mailed or otherwise sent to the consumer.

SUMMARY OF CONSUMER PROTECTIONS

"Dear (name of consumer):

If you are shopping for auto or homeowners' insurance, or if your current policy is up for renewal, [INSERT 'we', 'name of company' or other designation as appropriate] may be looking at your credit history. As a general rule, we use your credit history in connection with our financial history measurement program or credit-scoring program to measure your risk of having an insurance loss. [INSERT detailed information about how your financial history measurement program uses credit information to underwrite and rate policies.]

A. We are required to notify you of that and provide you with a summary of consumer protections regarding the use of your credit history in underwriting or pricing your insurance policy. These protections are that:

- we cannot deny, cancel or fail to renew coverage based solely on credit information;
- we are required to take into account the effect on your credit of extraordinary life circumstances (as described below);
- if we deny, cancel or increase your premium, or decrease your insurance coverage or amount of insurance based on your credit information, we are required to send you what's called an **adverse action notice** explaining the reasons for our action; and
- we can use credit information for: (1) new insurance policies; and (2) on a renewal of an insurance policy. We may obtain and use your most updated credit information at renewal only at your request or if such use reduces your premium.

B. If your credit information has been adversely impacted by an extraordinary life circumstance that has occurred within the last 3 years, you may request in writing that we consider this information when using your credit information. These **extraordinary life circumstances** include:

- a catastrophic illness or injury;
- divorce;
- death of a spouse, child or parent;
- involuntary loss of employment for more than three consecutive months;
- identity theft;
- total or other loss that makes your home uninhabitable; and
- any other circumstance an insurer may choose to recognize.

If you believe any of these extraordinary circumstances have impacted your credit, please contact (INSERT one of the following: “us”, “your insurance agent”, “us or your insurance agent” as appropriate to your situation) and let them know of your extraordinary circumstance(s).

We may require you to provide reasonable, independently verifiable written documentation of your extraordinary life circumstance and explain how it has negatively affected your credit report or credit history. We will keep confidential any documentation you provide to us.

C. You should also know that we **cannot** use the following credit-related information as part of our financial history measurement program:

- the number of credit inquiries in an applicant’s or insured’s credit report or credit history;
- the applicant’s or insured’s use of a particular type of credit card, debit card or charge card;
- the applicant’s or insured’s total available line of credit;
- any disputed credit information while such dispute is under review by a credit reporting company, provided such information is identified in an applicant’s or insured’s credit report or credit history as being in dispute;
- collection accounts identified with a medical industry code in the applicant’s or insured’s credit report or credit history; and
- the applicant’s or insured’s lack of credit history, unless the insurer treats the applicant or insured as if such applicant or insured had neutral credit information, as defined by the insurer.”

If you have questions regarding this Bulletin, please contact the Property/Casualty Division of the Connecticut Insurance Department at: 860.297.3867 or by e-mail to cid.pc@ct.gov.



Thomas B. Leonardi
Insurance Commissioner

Appendix A

Connecticut General Statutes Section 38a-686(b)(6)(B)(ii) provides:

An insurer that uses a financial history measurement program shall disclose to each applicant for personal risk insurance, in writing, by telephone, by electronic mail or orally, at the time of application that the applicant's credit history may be used in the underwriting or rating of such applicant's policy, and that the applicant has the right to request, in writing, that the insurer consider, during its underwriting or rating process or during a review requested by such applicant of a rate quote, an extraordinary life circumstance, as set forth in subparagraph (D) of this subdivision, if such applicant's credit history has been adversely impacted by such extraordinary life circumstance and such extraordinary life circumstance occurred within three years before the date of the application. In addition, such insurer shall provide to each purchaser of such policy, not later than the date of issuance of such policy, a written disclosure that includes: (I) The name, address, telephone number and toll-free telephone number, if applicable, of the insurer; (II) detailed information about how the insurer uses credit information to underwrite or rate such policies; and (III) a summary of consumer protections regarding the use of credit, in a form determined by the commissioner. Such written disclosure shall be printed in reasonably conspicuous type and be provided by the insurer electronically, by mail or by hand delivery.