

**State of Rhode Island and Providence Plantations**  
**DEPARTMENT OF BUSINESS REGULATION**  
*Division of Insurance*  
**1511 Pontiac Avenue, Bldg. 69-2**  
**Cranston, Rhode Island 02920**

**CONCISE EXPLANATORY STATEMENT**

**Insurance Regulation 116 – Use of Credit – Extraordinary Life Events and Insufficient Credit**

The Department of Business Regulation (“Department”) hereby adopts amendments to Insurance Regulation 116 effective July 1, 2011 and makes this statement in accordance with R.I. Gen. Laws § 42-35-2.3. The Department makes these amendments in order to provide restrictions on an insurers use of insurance scores in the underwriting and rating of homeowner and/or private passenger automobile insurance policies. There are six differences between the text of the proposed rule as published in accordance with R.I. Gen. Laws § 42-35-3 and the rule as adopted. Those differences are:

1. The Department has changed all references to “credit” and “credit score” to “insurance score” a defined term in the regulation.
2. The Department has changed all references to “credit information” to “credit history.”
3. The Department has substituted “using” for “may use” and “must comply with “ for “only under” to clarify the intent of section 5(A).
4. The Department accepted the comments that additional implementation time was necessary and scheduled the form filing date for April 1, 2011 and the effective date of the regulation for July 1, 2011.
5. The Department clarified section 6(D) to provide that the notices are to be sent to consumers when “adverse action” is taken as the result of an insurance score.
6. Commenters suggested that section 5(A)(2) could be read as requiring filing of underwriting guidelines which would be in conflict with section 7. The Department states that it is not its intent that section 5(A)(2) require the filing of underwriting guidelines. The purpose of 5(A)(2) is only to indicate that the Department may request such guidelines. The Department has amended Section 7 in an attempt to clarify this and to provide citation to the statute under which filers could request confidential treatment of requested documents.

The Department declined to make some changes requested by commenters for the following reasons:

1. The Department rejected a suggestion that it adopt section 5(iii) of the NCOIL Model rather than the language proposed as it believes the proposed language properly expresses its intent.
2. The Department declined to add language specifying that insurers were not out of compliance with other laws and regulations by following this regulation. The Department believes that this is patently obvious and does not need to be stated in the regulation.