



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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Opening Remarks by Commissioner Sean Dilweg Hearing on Insurer Use of Consumer Credit Information September 14, 2009 State Capitol, Room 412 East

Welcome to the Office of the Commissioner of Insurance informational hearing on the use of consumer credit information by insurers. I am Insurance Commissioner Sean Dilweg, and with me are Deputy Commissioner Kimberly Shaul and OCI Attorney Robert Luck. We have a very busy agenda today, which I believe will provide for a balanced and well-rounded discussion.

I have scheduled this hearing at the request of Senator Lena Taylor and Representatives David Cullen and Terese Berceau. Senator Taylor and Representative Cullen chair their respective insurance committees in each house of the legislature, while Representative Berceau has long been involved with this issue.

The concerns relayed by this legislative request are rooted in the state of the economy and resulting job losses. The burden of financial catastrophe caused by job loss or medical expenses has a significant impact on credit information that is used by insurers in rating and underwriting personal lines coverage.

In 1997, OCI issued a bulletin to insurers that gives insurers regulatory guidance on the use of consumer credit information in personal lines insurance policies. The bulletin instructed that insurers should not use credit information as the sole reason to refuse an application, cancel a new insurance policy in its first 60 days of coverage, or nonrenew an existing policy. Since that time, 12 years ago, I felt that now, in the aftermath of economic recession, was an appropriate time to revisit this subject and see if any action on the part of OCI would be beneficial to consumers.

I welcome the opportunity to hold a comprehensive hearing. The goal for me today is to examine the effect of the use of consumer credit information by insurers and determine what additional regulatory guidance may be necessary. I have a particular interest in the effect on insurance rates and underwriting that is derived from insurance scores for consumers with little or no credit history. I am also concerned that consumers who suffer financially catastrophic events could be adversely affected by insurance rating and underwriting practices that could create an adverse outcome at a time that consumers are least likely to afford it.

During this hearing we will hear about the current regulation in Wisconsin. We will hear testimony on insurer practices and background information on consumer credit reporting agencies. This hearing will hear testimony from consumers who can relay their own personal experiences and will get policymaker perspective.

The hearing will consist of three panels, but before the panels begin, we will hear from the Administrator of the OCI Division of Regulation and Enforcement, Guenther Ruch, who will provide us with background information on OCI's current regulatory bulletin.

Panel number one will hear testimony from Representative Berceau, consumers who will provide us with their experiences. The panel will also consist of consumer advocates who can provide us with a national perspective. Panel number two will hear from TransUnion Credit Reporting Agency and agent representatives. Panel number three will hear from representatives of the insurance industry.

Following the three panels, we will have a period for responses. Each panel will have the opportunity to respond to some of today's testimony. Each panel will have thirty minutes of response time.

We have a good selection of speakers today. I would request that speakers limit their remarks to 10 to 15 minutes. Today's hearing is being transcribed by a court reporter so I would also ask that speakers all talk one at a time and speak slow enough for the reporter to keep up.

I will be accepting written comments for 30 days after today's hearing to give others the opportunity to present information on the subject of today's hearing. I would encourage others to send in comments as well. Please forward your comments to Jim Guidry or Briana Olson of OCI.

I appreciate the participation of all of our participants. I also want to thank the folks from Wisconsin Eye for taping today's hearing.

Closing Remarks

Thank you to everyone for participating in this hearing. I also want to thank everyone else who took the time to attend. Your presence shows a high level of interest in this issue. I think that the discussion that took place was informative for everyone involved. As I mentioned before, I will be accepting written comments for 30 days after today's hearing to give others the opportunity to present information on the subject of today's hearing. Please forward your comments to Jim Guidry or Briana Olson at OCI. I encourage others to send in comments about the information they heard here today.

I will take this information back and determine what additional steps that can be proposed to ensure that consumers are protected and that Wisconsin's competitive marketplace is maintained.