



RULE-MAKING ORDER

CR-103P (May 2009)
(Implements RCW 34.05.360)

Agency: Office of the Insurance Commissioner

Permanent Rule Only

Effective date of rule:

Permanent Rules

31 days after filing.

Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

Yes **No** If Yes, explain:

Purpose:

This proposed rule will add a new section to Chapter 284-24 WAC, requiring each insurer that uses credit history for rating personal lines of property/casualty insurance to update the credit history and resulting insurance score no less often than once every three years. This section applies to insurers using insurance scores for rating of personal insurance under the provisions of RCW 48.19.035.

Insurance Commissioner Matter No. R 2015-15

Citation of existing rules affected by this order:

Repealed:

Amended:

Suspended:

Statutory authority for adoption:

RCW 48.02.060, RCW 48.19.035 and RCW 48.19.080

Other authority:

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 16-13-127 on June 21, 2016.

Describe any changes other than editing from proposed to adopted version: None

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name: Stacy Middleton

Address: P.O. Box 40258

Olympia, WA 98504

phone (360)725-9651

fax (360) 586-3109

e-mail rulescoordinator@oic.wa.gov

Date adopted: August 31, 2016

NAME (TYPE OR PRINT)

Mike Kreidler

SIGNATURE

TITLE

Insurance Commissioner

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: August 31, 2016

TIME: 8:38 AM

WSR 16-18-047

(COMPLETE REVERSE SIDE)

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	_____	Amended	<u>0</u>	Repealed	_____

The number of sections adopted at the request of a nongovernmental entity:

New	<u>0</u>	Amended	<u>0</u>	Repealed	_____
-----	----------	---------	----------	----------	-------

The number of sections adopted in the agency's own initiative:

New	1	Amended	_____	Repealed	_____
-----	---	---------	-------	----------	-------

The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	<u>1</u>	Amended	<u>0</u>	Repealed	_____
-----	----------	---------	----------	----------	-------

The number of sections adopted using:

Negotiated rule making:	New	_____	Amended	_____	Repealed	_____
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	<u>1</u>	Amended	0	Repealed	_____

NEW SECTION

WAC 284-24-140 Updating insurance scores. (1) This section applies to insurers using insurance scores for rating of personal insurance under the provisions of RCW 48.19.035.

(2) If an insurer uses insurance scores to calculate renewal premiums, the insurer must:

(a) Update each policyholder's insurance score no less often than once every three years; and

(b) Calculate premiums for each policy using the insurer's most recently determined insurance score for the policy.

(3) For the purposes of this section, if an insurance score is used to assign a policy to a particular rating class or rating tier, then it is considered using an insurance score to calculate renewal premiums if the insurer:

(a) Leaves that policy in the same rating class or rating tier upon renewal; or

(b) Assigns the policy to a rating class or rating tier that depends on the prior insurance-score-based rating class or rating tier.

(4) When an insurer updates an insurance score, it must update all information necessary to determine the insurance score, rather than partially update the score. This process must include updating credit information on policyholders who were previously classified as "no hit" or "no score," as defined in WAC 284-24A-055(2).

(5) An insurer's filed manual of rates and rules should specify the conditions under which insurance scores will be updated and how updated insurance scores will be used in the calculation of renewal premiums. If, however, an insurer uses insurance scores to calculate renewal premiums and its filed manual of rates and rules does not specify the conditions under which insurance scores will be updated, the insurer must update each policyholder's insurance score at each renewal.

(6) In the rate filing process, rates and rating rules that do not satisfy the requirements of this section will be considered to be unfairly discriminatory and in violation of RCW 48.19.020.

(7) Nothing in this section prohibits an insurer from:

(a) Updating insurance scores more frequently than once every three years, including updating insurance score upon policyholder request; or

(b) Using a rating system that includes insurance scores in the rating of new business but not in the rating of renewal business.

(8) This section applies to rates and rating rules in effect on and after January 1, 2017.