WAC 284-24A-050

What types of information must an insurer include in a multivariate analysis?

(1) A multivariate statistical analysis must evaluate the rating factors listed below (if applicable to the rating plan, and to the extent that data are credible):

(a) For ~~homeowners, dwelling property,~~ earthquake, and personal inland marine insurance:

(i) Insurance score;

(ii) Territory and/or geographic area;

(iii) Protection class;

(iv) Amount of insurance;

(v) Surcharges or discounts based on loss history;

(vi) Number of family units; and

(vii) Policy form relativity.

(b) For ~~private passenger automobile,~~ personal liability and theft, and mechanical breakdown insurance:

(i) Insurance score;

(ii) Driver class;

(iii) Multicar discount;

(iv) Territory and/or geographic area;

(v) Vehicle use;

(vi) Rating factors related to driving record; and

(vii) Surcharges or discounts based on loss history.

(2) An insurer must provide a general description of the model used to perform the multivariate analysis, including the:

(a) Formulas the model uses;

(b) Rating factors that are included in the modeling process; and

(c) Output from the model, such as indicated rates or rating factors.

(3) An insurer must show how the proposed rates or rating factors are related to the multivariate analysis.

(4) The temporary prohibition in WAC 284-24A-090 on the use of credit history to determine personal insurance rates, premiums, or eligibility for coverage for all homeowners and private passenger automobile coverage will remain in effect for three years following the day the national emergency concerning the novel coronavirus disease (COVID–19) outbreak declared by the President on March 13, 2020 under the National Emergencies Act (50 U.S.C. 1601 et seq.) terminates, or the day the Governor's Proclamation 20-05, proclaiming a State of Emergency throughout the state of Washington as a result of the coronavirus disease 2019 (COVID-19) outbreak in the United States expires, whichever is later.

(a) The definitions in this subsection apply through this section unless the context clearly requires otherwise.

(i) Homeowners coverage includes dwelling property, mobile homeowners, manufactured homeowners, renter, and condominium owner's coverage.

(ii) Private Passenger Automobile coverage includes motorcycles and recreational vehicle coverage

(b) The temporary prohibition on the use of credit history to determine personal insurance rates, premiums, or eligibility for coverage for all homeowners and private passenger automobile coverage does not apply to commercial lines, personal liability and theft, earthquake, personal inland marine, or mechanical breakdown coverage.

NEW SECTION

WAC 284-24A-090

Temporary prohibition of use of credit history

(1) Not withstanding any other provision of this chapter, this section applies to all homeowners and private passenger automobile insurance pertaining to and issued in the state of Washington while this rule is effective.

(2) The insurance commissioner finds that as a result of the broad negative economic impact of the coronavirus pandemic, the disproportionately negative economic impact the coronavirus pandemic has had on communities of color, and the disruption to credit reporting caused by both the state and federal consumer protections designed to alleviate the economic impacts of the pandemic, for homeowner's coverage and private passenger automobile coverage issued in the state of Washington, the use of insurance credit scores results in premiums that are excessive, inadequate, or unfairly discriminatory within the meaning of RCW 48.19.020 and RCW 48.18.480.

(3) For all homeowner's coverage and private passenger automobile coverage issued in the state of Washington, insurers must not use credit history to determine personal insurance rates, premiums, or eligibility for coverage.

(4) For purposes of this section, insurers must not:

(a) Use credit history to place insurance coverage with a particular affiliated insurer or insurer within an overall group of affiliated insurance companies.

(b) Use credit history to determine a consumer's eligibility for any payment plan.

(5) In order to comply with this section, insurers subject to this rule may substitute any insurance credit score factor used in a rate filing with a neutral rating factor.

(b) For purposes of this section, insurers may, but are not required to, implement the neutral factor by peril or coverage.

(6) Insurers may not include rate stability rules in filings submitted to comply with this section.

(7) The prohibitions in this rule must apply to all new policies effective and existing policies processed for renewal on or after June 20, 2021.

(8) The temporary prohibitions on the use of credit history in this section will remain in effect for three years following the day the national emergency concerning the novel coronavirus disease (COVID–19) outbreak declared by the President on March 13, 2020 under the National Emergencies Act (50 U.S.C. 1601 et seq.) terminates, or the day the Governor's Proclamation 20-05, proclaiming a State of Emergency throughout the state of Washington as a result of the coronavirus disease 2019 (COVID-19) outbreak in the United States expires, whichever is later.

(9) The definitions in this subsection apply through this section unless the context clearly requires otherwise.

(i) Homeowners coverage includes dwelling property, mobile homeowners, manufactured homeowners, renter, and condominium owner's coverage.

(ii) Private Passenger Automobile coverage includes motorcycles and recreational vehicle coverage

(iii) "Neutral factor" means a single constant factor calculated such that, when it is applied in lieu of insurance-score-based rating factors to all policies in an insurer's book of business, the total premium for the book of business is unchanged.