

From: [George Anderson](#)
To: dholst@wainsurance.org
Cc: [OIC Rules Coordinator](#)
Subject: RE: IIABW Bulletin - Day at the Capitol, Transparency Rule, etc.
Date: Monday, February 6, 2023 3:58:47 PM

External Email

Fellows,

Without revealing even the impact of credit scoring, this draft #4 of the transparency rule is pretty pointless.

Simply revealing to individual policyholders the impact of credit scoring without revealing the methods used to arrive at that impact, would not harm individual companies proprietary credit scoring research, but even just that disclosure is not enough.

I feel that the companies right to conceal their credit weight factor considerations does not out weight the consumer's right to know exactly why they are being charged what they are being charged.

For example, your auto insurance premium can go up say 12% if your parked unoccupied car is hit and your insurance credit score is high, but it could go up 25% if your parked unoccupied car is hit and your insurance credit score is average, even more if your insurance credit score is bad.

That example brings two considerably difficult to understand underwriting practices insofar as the average consumer might view it.

First, why is your premium even going up at all if your parked unoccupied car is hit, other than say as a result of the loss of a stated claim free discount percentage? (and often even if the insurer of the applicable at fault driver pays the damages the victim will see premium increases)

Second, you could have a reasonably high conventional credit score and yet your insurance credit score will reflect a lower value, aren't you entitled to know why that is and what the support for that decision might be? (especially as it might pertain to having your parked unoccupied car hit)

If the Transparency Rule doesn't address issues like these that I've mentioned, then the transparency rule is almost pointless, because credit scoring is considered into and weighted into every other traditional rate consideration such as tickets, accidents, age, sex, marital status, garaging address, type of car, limits of third party liability purchased and miles driven.

It affects every other consideration that effects your rate.

I believe that there is probably a lot of merit and value in the usage of credit scores to help insurance companies develop more accurate rate models and I support the use of credit scoring, but I do not believe that insurance companies who use credit scoring should be able to hide behind "proprietary information" . . The consumer comes first and the consumer has a right to know exactly why they are paying whatever amounts of money they are billed for their insurance policies.

The courts have rightfully found that Commissioner Mike Kreidler doesn't have the right to subjectively decide whether or not insurance credit scoring has substantial merit and cannot be used, but he certainly has the right to demand full transparency to our state's insurance consumers for the insurance premiums that they pay.

Transparency will certainly come at a significant programming set-up expense to the companies and it's probably not reasonable for them to be required to implement this transparency rule in say one year, but in measured steps over three years the financial burden would be minimized and reasonable.

Without full transparency, there is no doubt in my mind that white collar financial crimes are being committed both intentionally and unintentionally by some if not all of our insurance companies, and I'm

only a semi-cynical centrist, just imagine what the extreme Left and the extreme Right must think!
G O G

From: Independent Insurance Agents and Brokers of Washington <dholst@wainsurance.org>

Sent: Monday, February 6, 2023 1:55 PM

To: george@magnolia-insurance.com

Subject: IIABW Bulletin - Day at the Capitol, Transparency Rule, etc.

February 6, 2023

Build...Grow...Thrive

All Industry Day at the Capitol 3/28

On March 28, the [All Industry Day at the Capitol](#) will return to Olympia after two years of remote sessions. With so many new legislators and new issues, this is an important year for insurance professionals to invest a day for the future of their businesses and the industry.

We have invited our insurance commissioner, state economist, insurance committee legislative leaders and industry lobbyists to brief us on the most pressing issues. We will also hold a group networking lunch with legislators.

This event is being sponsored by: IIABW, the Surplus Line Association of Washington, PIA Western Alliance, and the Northwest Insurance Council.

OIC Transparency Rule Draft 4

The OIC published its fourth draft of its [Premium Change Transparency rule](#). The rule, if passed, would

require insurers to send a premium change notice to private passenger auto and homeowner customers who have received a rate increase at renewal. It would take effect on 6/1/24 for renewals at customers' request and on 6/1/27 for all renewals with a 10% increase or more.

The premium change notice will provide "a reasonable explanation, sufficient information, and the primary factors applicable to the premium increase." The primary factors include claims history, discounts, fees/surcharges, demographic factors, and rate changes. Insurers will be required to report the impact each factor has on the increase in percentage or dollars. Insurers may include composite rating variables, show separate impacts by different perils being covered and use dollar estimates in their notices.

The notice will not require insurers to disclose the contents of credit-based scoring models, telematics, placement criteria or eligibility rules and trade secrets but may "need to provide information specific to the policyholder that has been produced through or resulting from these sources."

2023 March Madness Bracket Challenge

IABW Young Agents and IPFS are sponsoring a free [March Madness Bracket Challenge](#) for our insurance community. Sign up today and we'll send you an email after the NCAA Tournament game schedule is announced on March 12th. Prizes will include: 1st Place: \$150, 2nd Place: \$50.

Insurance Industry Featured on SNL

The insurance industry was featured in a recent [Saturday Night Live sketch](#) that spoofed State Farm's promise to always be there for homeowners, "24/7." GEICO and Liberty Mutual also made an appearance in the funny sketch.

Auto Premium Increases

[The OIC](#) shared an expected 8% increase nationally for car insurance premiums this year. The national average cost for full coverage is \$1,780, compared to Washington's average of \$1,536 — which ranks 34th in the nation. Drivers with traffic violations will see their premiums rise 52% on average, and insurance on new electric vehicles will be 28% higher than new gas cars.

Utilities' Liability Market Access

According to a survey by the [OIC of 36 utilities](#), our state's utilities saw significant changes over the last five years: liability insurance costs increased dramatically; wildfire exclusions were added; and the number of companies willing to provide coverage decreased.

Washington Schools Suing over Social Media Harm

The Seattle school district has [filed a lawsuit in District Court](#) against TikTok, Instagram, Facebook, YouTube and Snapchat, seeking to hold them accountable for the mental health crisis among youth. Their 91-page complaint blames these social media companies for worsening mental health and behavioral disorders including anxiety, depression, disordered eating and cyberbullying; making it more difficult to educate students; and forcing schools to hire additional mental health professionals, develop lesson plans about the effects of social media, and provide additional training to teachers.

Member News

- Jerel Titus is Mutual of Enumclaw's new Chief Member Experience Officer. He has 25 years of industry experience with Prudential Financial, Allstate and Kemper. Most recently has been MOE's director of personal lines underwriting and director of agile business operations.
- Nick Sinkus is Mutual of Enumclaw's new Chief Underwriting Officer. He has more than 18 years of industry experience. He most recently served as vice president personal lines at Mutual of Enumclaw.

Seattle's High Inflation Rate

According to Axios, Seattle has the [third-highest inflation in the U.S.](#) with an 8.4% inflation rate. Only Miami (9.9%) and Phoenix (9.5%) were higher. WalletHub ranks the Puget Sound area as having the nation's [fifth-highest inflation rate.](#)

Continued Strong Employment Numbers

The Fed has raised interest rates 8 times in the last year to cool hiring, economic growth and rising prices. Yet, the federal government reported on Friday that employers added an explosive 517,000 jobs last month and that the unemployment rate sank to a new 53-year low of 3.4%. At the same time, inflation has slowed from a peak of 9.1% in June to 6.5% in December.

The past couple weeks many large tech companies have [announced large layoffs](#):

- Google - 12,000 workers (6% of its workforce).
- Microsoft - 10,000 workers (5% of its workforce).
- Amazon - 18,000 workers (1% of its workforce).
- Salesforce - 8,000 workers (10% of its workforce).
- Facebook - 11,000 workers (13% of its workforce).

Big I Flood

Big I Flood and Selective offers Big I members [several layers of support](#) to meet your flood insurance needs. We have personalized support, competitive commissions and an easy-to-use quoting platform.

Best Practices Tools

The Big I's [Best Practices study](#) analyzes the performance of the nation's leading agencies to uncover the methods, procedures, techniques, strategies, and business practices they use to achieve superior results. It establishes benchmarks against which agency performance can be measured and offers guidelines on how to use the study as a tool to help improve operations and maximize potential.

Industry Articles

- [Car Insurance Companies Leaving California Market](#)
- [8 Ways to Recession-Proof Your Agency](#)
- [Court Reverses Geico Order to Pay \\$5.2 Million to Passenger Who Caught STD in Car](#)
- [Triple Net Lease: Including a Building Owner in a Tenant's Insurance](#)
- [FTC Proposes National Ban of Noncompete Agreements](#)
- [Hardest Property Catastrophe Reinsurance Rates in Generation](#)
- [What is the Hard Market/Soft Market Insurance Cycle?](#)
- [Three Keys to Addressing Insurance's Wildfire Crisis](#)
- [Hiring: Overcoming the No. 1 Issue Facing Independent Agencies](#)

Insurers Limiting Coverage on Hyundais and Kias

Progressive and State Farm are increasing rates and limiting the sale of new insurance policies for [Kia and Hyundais](#) cars because they are theft-prone. Car thieves have posted videos on YouTube and TikTok showing how easy it is to steal Kias and Hyundais with a screw driver and a USB cable

Free Webinar on Economic & Social Inflation 2/7

On February 7 at 10 am, the Big I and Swiss Re will present a FREE [30-minute panel discussion](#) which outlines the importance of inflation and social inflation to your agency and your clients and provides practical advice to avoid E&O claims.

E & O Coverage For Your Agency

The [Big I Professional Liability Program](#) can quote most policies off your renewal application and have access to multiple markets. For more information, contact [Kimberly Ostling](#).

Earn Up to \$1000 Marketing Reimbursement

The [Trusted Choice Marketing Reimbursement Program](#) helps agencies offset the cost of marketing activities that include the Trusted Choice logo and customer experience upgrades. Including the logo in your marketing both allows you to leverage the national recognition and reputation of the brand and also helps expand the brand's reach. Reimbursements are made at 50% of cost with a maximum reimbursement amount of \$1,000 per agency for 2023 expenses.

IAB of King Snohomish Reception - 2/9

IAB King Snohomish will hold a Music Trivia Happy Hour on 2/9 from 3:30-5:30 pm at Woodin Creek & Tap in Woodinville. The event is Free but attendees [must register](#) to attend. Also, be sure to register for IABKC's Golf Tournament which will be held at the Golf Club at Redmond Ridge on June 22. Earlybird registration ends 4/1.

IAB of Spokane Hockey Night – 2/15

IAB of Spokane's annual [Chiefs Family Hockey Night](#) will be held on February 15. For \$25, attendees will get admission to the game and access to the hot dog and brownie sundae bar throughout the evening.

Big I Makes Retirement 'Simple'

Since their creation over 40 years ago, 401(k) plans have taken center stage as the most common way to save for retirement. While 401(k) plans are amazing and offer flexibility, tax advantages and the ability to save for retirement they can also be complex, costly and require much administrative labor to operate properly. Learn more about the [Big I's retirement offerings](#).

35 Big I CE Webinars

IABW has [over 35 webinars](#) offered regularly in 2023. Topics include: contractor coverages, insurance contracts, farm liability, named insureds, cyber/privacy, calculating business income, commercial property and COPE, ISO Homeowners changes, certificates of insurance, active shooter, trucking, cannabis, condos, sharing economy, claims, surety bonding, E & O risk management, business auto claims, builders risk.

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