

MINUTES OF THE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE

The meeting was called to order by Chairperson Senator Ruth Teichman at 9:30 a.m. on February 21, 2003 in Room 234-N of the Capitol.

All members were present except: Senator Brungardt, excused; Senator Buhler, excused; Senator Corbin, excused; Senator Feleciano, excused; Senator Steineger, excused.

Committee staff present: Ken Wilke, Office of the Revisor of Statutes  
Dr. Bill Wolff, Kansas Legislative Research Department  
Marlene Putnam, Committee Secretary

Conferees appearing before the committee: Lamont Boyd, Fair, Isaac's Global Financial Services

Others attending: See attached list

Senator Teichman introduced Lamont Boyd, CPCU, Solutions Market Manager for Fair, Issac's Global Financial Services. Mr. Boyd reported that consumers have become increasingly aware of credit risk scores-the scores, based on information in a consumer's credit report that lenders use in their decision-making processes.

- **Insurance Credit score is Different.** A different kind of a score is used by many leading personal lines insurers to help evaluate the risk of insurance applicants and policyholders. This score, generically called an insurance risk score is also based on current credit report data and calculations using models built by Fair, Isaac . However, there are important distinctions. The credit risk models are built to predict the likelihood of delinquency or non-payment of a loan.
- **The insurance risk models** predict the likely loss on any individual. Most insurers use an insurance risk score along with motor vehicle report, claims report, home condition, and other kinds of information in their decision making process. Scores are generally not used in isolation to set pricing or to deny insurance to an individual..

Statistics prove a person who chooses to manage their credit well also tends to manage their risk well and tends to have fewer losses. Don't know why, but the opposite is also the case. Those who don't manage their credit well tend to not manage risk well. I don't know why this is the case, but it happens over and over, he related.

- Data elements **NOT** used in Insurance Scores.
- Income
- Age
- Gender
- Health Status
- Marital Status
- Nationality
- Net Worth
- Occupation

CONTINUATION SHEET

MINUTES OF THE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE at 9:30 a.m. on February 21, 2003 in Room 234-N of the Capitol.

- Race
- Religion
- Location

(See attachment 1)

Meeting Adjourned