Adopted by Transparency and Consumer Readability (C) Working Group – 11/15/22
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NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

REGULATORY RESOURCES FOR CONSUMERS ON PERSONAL LINES PRICING AND UNDERWRITING

AUTO SECTION

How Do Insurers Determine Your Auto Insurance Premium?

The way auto insurers determine how much you pay for insurance is constantly changing. The process starts with the information you provided on the application. The two parts of the process are *underwriting* and *rating*.

How Do Insurers Underwrite?

The first part of the process is underwriting. Insurance companies underwrite to:

- know the risk of insuring an applicant.
- group the applicant with others who have similar risks.
- decide if they will insure the applicant.

To underwrite an auto insurance policy, insurance companies want information about certain factors that might affect how likely you are to have a loss that insurance covers. Some of these factors are beyond your control, such as age and gender. You have control over other factors an insurance company considers, including where your car is, how you use it, the make and model of your car, and your credit-based insurance score.

An underwriter uses information from your application as well as from other sources.

Insurance companies depend on the information in your policy application. The questions you're asked when you apply for insurance help the company know how likely you are to have a loss that insurance covers.

Insurance companies also get information from other sources. For example, some auto insurers get information about your credit history from credit bureaus. They also get information about your driving record from third parties, such as the Division of Motor Vehicles, and your history of filing auto insurance claims from insurance claims databases.

How Do Insurers Rate Risk?

After underwriting, the next step is to rate your risk. The company sets a rate for each group of applicants who are similar risks.

A rating factor is a specific characteristic of a potential policyholder that an insurer uses to price auto insurance premiums. All else being equal, the less risky your rating factors are, the less you'll pay for insurance.

For more information about the rating factors many companies use, see *Factors Used to Rate Auto Insurance.*

How Do Insurers Determine Auto Insurance Premiums?

Insurance companies use information about you, your vehicle, and your insurance coverage to decide whether to insure you and how much you'll pay for auto insurance. They'll get this information from you or from organizations. All this information is used to rate you as an insurance risk and affects how much you'll pay for insurance.

Some factors relate to the driver(s) and some to the type of vehicle you want to insure. Others are based on the amount and types of coverage you buy. There are discounts that could reduce the premium.

Insurance companies use various methods to rate your risk. Different insurance companies often charge you different amounts for the same or similar coverage.

Also, some states limit the factors an insurance company can use. States also have different requirements about how much insurance you buy, which affects your cost.

General Information

Age, years of driving experience, gender, and marital status are factors insurance companies may use to determine how much you'll pay. The insurance company gets information about your driving record and accident history from a third party (such as the Division of Motor Vehicles). In some states, insurance companies can't consider certain factors, such as your gender or age.

If other drivers live with you, your insurance company will also look at their information to decide how much you'll pay.

How You Use the Vehicle

Your insurance premium may vary based on whether you use your vehicle only for pleasure or drive it back and forth to work. Driving for pleasure means that you drive only occasionally. If you drive only for pleasure, you might pay less.

Most personal auto insurance policies won't pay for accidents if you use your car for business activities your policy doesn't cover, such as transporting people or delivering goods.

Gender and Age

Some research shows that males have more accidents than females and younger drivers have more accidents than older and more experienced drivers. That's why young men are often charged more for insurance than young women. Inexperienced drivers may pay more regardless of age. Some states don't let insurance companies use gender as a factor when they rate insurance.

Insurance companies look at accident statistics for all age groups. What you pay for insurance may change as you get older.

Some states require insurance companies to give a discount to any primary driver who is older than 55 if they complete an approved accident prevention or defensive driving course the Division of Motor Vehicles approves.

Location

It's important to tell your insurance company where you keep (or "garage") your vehicle. You may pay more or less based on where you live or keep your car. The insurance company may look at the weather and number of accidents and thefts in the area you live in.

Other Risk Factors

Some insurance companies consider your job and education to decide how much to charge you. That's why an insurance company may ask what you do for a living and how much school you've completed.

In some states, married drivers might pay less for auto insurance. And homeowners might pay less than renters.

Coverage History

When you apply for insurance, you may be asked about your previous insurance coverage. Most insurance companies charge you more if you've gone without insurance before.

You might need to give the name of your previous insurance companies and the dates you were insured. Insurance companies want to know if a company ever cancelled your insurance policy because you didn't pay. Your new insurance company also may ask about your traffic violations and claims history.

Some states limit insurance companies' use of prior insurance coverage as a factor when rating a policy.

Driving Habits and History

Insurance companies look at your driving record and habits and those of anyone else on your policy or living with you. Your new insurance company might ask if you've had traffic tickets or been in an accident. Typically, your driving record for the past three to five years impacts what you pay. Drivers with a bad driving record have a greater chance of being in an accident and might pay more for their insurance.

Drive safely. Nothing affects your auto insurance premium more than how you drive. Insurance companies consider drivers who have caused car accidents to be a higher risk and might charge them more for insurance.

Although the company will get your driving record from a third party when you apply for a policy, it's important to be honest and truthful when you give the insurer information. Being honest will mean it's more likely that your quote will match what you'll actually pay for your insurance.

If your driving record has improved over the last few years, shop around to see if you can pay less with another insurance company.

Vehicle Owners and Operators in Your Household

Some states may let you exclude a driver from your insurance policy. Others will not. An excluded driver is one that you ask your insurance company not to cover, usually because having them on your policy will increase what you'll pay. Talk with your agent or insurance company to find out if this is an option for you. Be aware that you have no insurance coverage for damage caused by an excluded driver driving your vehicle.

Telematics

Telematics is in-car tracking technology that insurance companies use to monitor your car and your driving behaviors. Many insurance companies use telematics to learn how fast you drive, your braking behaviors, and the distance you drive. Telematics can work through a mobile app or a Bluetooth device that communicates with your car. The insurance company may use your driving behaviors and habits to determine how much to charge you. Telematics can also work directly with your car to record how it performs and how it's maintained.

Usage-Based Premiums

Some insurance companies may use information about how you drive or how much you drive to decide how much you'll pay. Pay As You Drive and Pay-per-Mile policies are two examples of using telematics to determine premium.

Pay As You Drive. Pay As You Drive uses information from telematics about your driving habits to determine what you'll pay. Telematics can track braking and speeding, how often you drive, the time of day or night you drive, where you drive, and whether you use a cell phone while driving. You may be able to log on to the insurance company's website to see how your driving habits affect how much you pay.

Pay-per-Mile. Insurance companies base what you pay for insurance on an estimate of how much you drive. Some insurance companies charge a base rate and then add a "per-mile" fee to determine your premium. Insurance companies use a device installed in your car to track the number of miles you drive. If you work from home, use mass transit, or don't drive often this type of policy could save you money. Some companies let you have this type of policy without a tracking device but require you to send a photo of your odometer reading each month.

Credit-Based Insurance Score

Insurance companies may use information about your credit history when they rate your policy. They use credit-based insurance scores which, like all credit-based scores, predict an outcome. Credit-based insurance scores predict the amount of a claim, the likelihood of filing a claim, or the likelihood a policyholder will stay with an insurer instead of shopping around.

Credit-based insurance scores, like other credit scores, are based on your credit payment history, your current debt, how much new credit you've applied for, and what types of credit you have. Some insurance companies combine credit information with traditional insurance information, such as claims history, to create hybrid credit-based insurance scores. In either case, a higher score indicates you'll likely pay less for insurance.

Some states restrict or even ban the use of credit-based insurance scoring. Each insurance company uses its own method to determine your score.

Before you apply for insurance, it's a good idea to get a copy of your credit report and make sure the information in it is correct. Bankruptcies, judgments, liens, late payments, and credit inquiries may mean a lower credit-based insurance score. You can find information about how to get your credit report at https://www.usa.gov/credit-reports.

It's important to talk to your agent or insurance company if you've had extraordinary life circumstances, such as divorce, death of a family member, job loss, military deployment, or serious illness, that might affect your credit.

If you have a “freeze” on your credit to help prevent identity theft, an insurance company won't be able to see your credit report and you may pay more for your insurance. You can temporarily “unfreeze” your credit when you apply for insurance.

Vehicle Specific Factors

The type of vehicle you drive affects the cost of your auto insurance. You'll pay more for cars that cost more to repair or replace or that are often stolen. For example, you'll pay more to insure higher-value cars and newer cars. Some examples are large SUVs or trucks, high-performance sports cars, and vehicles with special features such as all-wheel drive transmissions and hybrid engines.

Auto Insurance Discounts

You may pay less for car insurance if you qualify for a discount. To make sure you get the discounts you qualify for, be sure to ask your agent what discounts the insurance company offers and how much you could save. When you compare the cost of insurance between different companies, compare the total cost after any discounts.

Here are some important things to consider:

- Discounts vary depending on the insurance company and the state where you live;
- Ask about discounts at every policy renewal; and
- If you get quotes from different insurance companies, be sure to ask each about discounts.

General Discounts

Most insurance companies offer various types of discounts. Insurance companies might offer discounts if you use automated payments, pay your annual premium in one payment, or sign up for electronic billing.

Ask your agent or insurance company about discounts you can get.

Continuous Coverage

Insurers may offer discounts if you keep a car continually insured and haven't had a gap in coverage.

Group Memberships

Some insurance companies may offer a discount if you're a member of an organization, such as an alumni or professional association, a union, or other organization.

Loyalty

Some insurance companies may offer discounts for:

- Renewing your policy for a certain number of years;
- Children who use the same company their parents use even after they move out.

Multiple Vehicles

Most insurance companies offer a discount if you insure more than one car with them.

Multiple Policies

Insurance companies may offer discounts if you have your auto and homeowners insurance with the same insurance company. This often is called bundling or home/auto packages.

Driver-Specific Discounts

Insurance companies may look at information about each driver on the policy when they choose which discounts to give you.

Claim Free

If you haven't filed any claims, insurance companies may offer a discount.

Defensive Driver/Driver's Education

Many insurance companies offer discounts if you've completed a defensive driving or driver's education course. Discounts for driver education courses are targeted primarily at younger and older drivers.

Good Student

Some insurance companies offer discounts to students who get good grades.

Mileage

Driving fewer miles reduces the chance you'll be in an accident. Many insurance companies know this and offer discounts if you don't drive much. Some companies offer discounts to drivers who use carpools.

Military

Some insurance companies offer a discount to active, retired, reserve, and honorably discharged members of the military (and often their family members). This discount isn't available in all states. Ask your insurance company if this discount is available to you.

They might also have a discount if you keep your car on base while you're deployed.

Non-smoker/Non-drinker

Because smoking and drinking can increase the chances that you'll be in an accident, some insurance companies offer non-smoker and non-drinker discounts.

Seat Belt Use

Using your seat belt may get you a discount.

Vehicle Discounts

Safety Devices.

Auto safety devices can reduce how much you'll pay because they help prevent accidents, vehicle damage, and injuries. This equipment includes:

- Adaptive Cruise Control
- Adaptive Headlights
- Air Bags
- Anti-Lock Brakes
- Automatic Braking
- Automatic Seat Belts
- Blind Spot Warning
- Daytime Running Lights
- Electronic Stability Control
- Forward Collision Warning
- Lane Departure Warning
- Passive Restraint

Anti-Theft Discount

You'll also pay less if you have certain devices that reduce theft or vandalism. Some examples include:

- Active Disabling Device
- Audible Alarm
- Vehicle Recovery
- Vehicle Identification Number Etching

There are a lot of things to consider if you're trying to lower your auto insurance premiums. You'll find some great questions to ask your agent in A Shopping Tool for Auto Insurance.

HOMEOWNERS SECTION

How Do Insurers Determine Your Homeowners Insurance Premium?

Insurance companies use information about you, your home, and your insurance coverage to decide whether to insure your home and how much you'll pay for homeowners insurance. They'll get this information from you and from organizations. All this information is linked to "factors" that affect how much you'll pay for insurance, or how the insurance company "rates" your insurance risk. Many of these factors are described below. Different insurance companies determine their risk of insuring you in different ways and charge different amounts for the same or similar coverage.

There may be discounts that reduce your premium.

Factors Relating to You

Claims History and Loss History Reports

If you've filed homeowners insurance claims, or if a previous homeowner has filed claims for your home, you may pay more for insurance. Your history of filing claims will affect how much you pay for homeowners insurance, even if claim payments were low. Insurance companies use third-party data, including the Comprehensive Loss and Underwriting Exchange (CLUE) database to see, the number and types of claims you've filed in the last five to seven years. Different insurance companies treat claims information differently, so it's always a good idea to shop around.

Credit-Based Insurance Score

Insurance companies may use information about your credit history when they rate your policy. They use credit-based insurance scores which, like all credit-based scores, predict an outcome. Credit-based insurance scores predict the amount of a claim, the likelihood of filing a claim, or the likelihood a policyholder will stay with an insurer instead of shopping around.

Credit-based insurance scores, like other credit scores, are based on your credit payment history, your current debt, how much new credit you've applied for, and what types of credit you have. Some insurance companies combine credit information with traditional insurance information, such as claims history, to create hybrid credit-based insurance scores. In either case, a higher score indicates you'll likely pay less for insurance.

Some states restrict or even ban the use of credit-based insurance scoring. Each insurance company uses its own method to determine your score.

Before you apply for insurance, it's a good idea to get a copy of your credit report and make sure the information in it is correct. Bankruptcies, judgments, liens, late payments, and credit inquiries may mean a lower credit-based insurance score. You can find information about how to get your credit report at https://www.usa.gov/credit-reports.

It's important to talk to your agent or insurance company if you've had extraordinary life circumstances, such as divorce, death of a family member, job loss, military deployment, or serious illness, that might affect your credit.

If you have a “freeze” on your credit to help prevent identity theft, an insurance company won't be able to see your credit report and you may pay more for your insurance. You can temporarily “unfreeze” your credit when you apply for insurance.

Pets

Some insurance companies consider some pets or breeds of pets aggressive. An aggressive pet increases the risk you may be legally responsible if someone makes a claim against you for a pet-related injury. Some insurance companies have their own list of pet breeds they won’t cover, or that could increase your premium. Check with your agent or company if you own a pet.

Smoking

Smoking increases the risk of a fire in your home. Insurance companies usually charge more if someone in your home smokes.

Factors Relating to Your Policy

Coverage History

Insurance companies look at your insurance history to see if you’ve had continuous coverage on your home. If you canceled a policy before you bought a new one (called a lapse) you may pay a higher premium on a new policy. You also could have had a lapse in coverage if:

- you didn’t pay your bill on or before the due date or within the grace period; or
- you let your current policy end before you bought a new policy.

If you don’t pay your bill on time, your insurance company could:

- cancel your policy and not cover a loss to your home; or
- refuse to continue your policy, which may leave you without homeowners insurance.

If you let your insurance coverage lapse and you have a mortgage, your lender may buy a policy and charge you for it. Your premium for a lender-placed policy will probably be higher and might not provide as much coverage for you.

The Homeowners Insurance Coverage You Choose

Your insurance agent or company will help you decide what types and amounts of coverage you need. Your policy will specify the coverage for your home and personal belongings. It also may include *liability* coverage, which can pay if someone gets hurt on your property.

Your agent might suggest that you buy enough coverage to rebuild your house and replace your personal belongings. That’s called replacement cost coverage. Another type of coverage is based on actual cash value.

- *Actual cash value* coverage pays the fair market value of property at the time of the loss. This value usually is the cost to repair or replace the property, less *depreciation*. (Depreciation is a deduction for the age of the property and wear and tear.) Actual cash value coverage pays you for your loss, but often doesn’t pay enough to fully replace or repair the damage to your property.

Some policies provide only actual cash value coverage for roofs over a certain age or that are in poor condition. Be sure to find out what your policy covers.

- *Replacement cost* coverage pays the cost to repair or replace your damaged or destroyed property *without* a deduction for depreciation. Most policies cover your house for replacement cost. If you don't have replacement cost coverage, your insurance company might only pay actual cash value. The cost of building supplies might be higher now than when you bought your policy. Review your policy with your agent at renewal to be sure you have the best coverage you can afford.

Replacement cost and *market value* aren't the same. The market value of a home includes the price of your land and depends on the real estate market. For more information about these and other coverages, see the NAIC's Homeowners Shopping Tool.

The Deductible You Choose

A deductible is the money you pay out of pocket on a claim before the policy pays. The deductible applies to coverage for your home and personal property. You pay a deductible for each claim. Higher deductibles mean lower policy premiums. The premium for a policy with a $1,000 deductible will be lower than the premium for the same policy with a $500 deductible. In some areas, there are also catastrophe deductibles, which are either a dollar amount or a percentage of the value of the property.

A higher deductible can be a good way to save money on your premium. But be sure you can afford the deductible if you have a loss.

The Risks Your Policy Covers

Peril is an insurance term for a specific risk or reason for a loss. An all-perils policy insures your property against all perils, except those the policy names as not covered. Flood and earthquake are often not covered.

A *named perils* policy covers your home and personal property only against a specific list of reasons for a loss. Your policy will list the types of losses that it covers. Common examples of covered losses include fire, theft, and vandalism. Named perils policies cover less than all perils policies and are less expensive.

Talk with your insurance company's representative or agent if you want coverage for floods or earthquakes. A homeowners policy doesn't cover either, so you'll need to buy extra coverage.

Coverage You Add

To cover the full value of your possessions, you may need to add coverage to your homeowners policy. These additions may be called endorsements or riders and will increase your premium.

You may want to add coverage for:

- Antiques
- Computer Equipment
- Fine Art
- Firearms
- Jewelry

Your Home's characteristics

Your Home's Age and Condition

If you have an older home, your policy might be more expensive. Older homes might have outdated electrical and plumbing systems which might increase the risk of a loss. Older "historic" homes may require building materials that are hard to find. If you have an older home, you may need a special policy and probably will pay a higher premium.

Improvements to your home, such as replacing your roof; upgrading electrical, heating, or plumbing; or installing a security system, may lower your premium. You should tell your insurance agent or company about any upgrades you make to your home.

The Size of Your Home

The size of your home affects what you pay for insurance. Larger homes normally cost more to insure because they cost more to rebuild or repair. Your agent or company might ask about your basement and what percent is finished.

Your Home's Construction and Exterior Features

The material your home is made of affects how your home holds up against a natural disaster and perils like wind and fire. Homes made with concrete or solid brick exteriors are less likely to catch fire and are more stable during a storm.

Your home's roof is its main protection against hail, wind, fire, and other perils. The age, condition, material, and shape of your roof are all factors that determine your premium. Homes with newer roofs made of materials that are stable and fire-resistant usually cost less to insure.

Installing fire-resistant siding made of metal, fiber-cement shingles and clapboards, or masonry can help you pay less for your homeowners insurance, especially in fire-prone areas.

Custom Features of the Home

If you have a wood-burning or pellet stove, you may pay more for insurance. If a licensed contractor installed your stove and it meets code requirements, your premium may be lower.

If your home is made from custom, designer, or luxury grade materials, such as high-end marble, luxury grade cabinets, and expensive lighting, or requires professional craftmanship to rebuild, you may pay more for your insurance.

Where You Live

Your home's location affects what you pay for homeowners insurance. If your area gets a lot of hurricanes, tornadoes, or wildfires, your insurance will cost more.

Insurance companies consider how far you live from a fire station when they calculate your premium. Living in a city or suburban area, by a body of water, or in an area with a lot of crime will increase your premium.

Attractive Nuisances (For Example, A Swimming Pool) on Your Property

An *attractive nuisance* is a dangerous condition that may attract children to a homeowner's property. Examples are swimming pools, trampolines, and playground equipment. If you have an attractive nuisance you might want to increase your homeowners policy's liability insurance. You may be liable if someone is hurt using an attractive nuisance on your property (even if they don't have your permission and aren't using the item safely).

Your insurance company may require you to install an enclosure or fence around an attractive nuisance. Your policy might not cover items like diving boards or slides. Having an attractive nuisance on your property likely will increase your premium.

Homeowners Insurance Discounts

Most insurance companies offer various types of discounts. You will pay less for homeowners insurance if you qualify for a discount. Ask your agent or the insurance company what discounts the company offers and how much you could save. When you compare the costs of different insurance policies, compare the total cost after discounts.

Here are some important things to know:

- Discounts vary depending on the insurance company and the state where you live. Some insurance companies may not offer discounts.
- Ask about discounts every year when you renew your policy.
- If you get quotes from different insurance companies, be sure to ask each about discounts you might qualify for.

General Discounts

Most insurance companies offer various types of discounts. The discounts may be tied to how you pay for your policy, your personal characteristics, and/or your home.

Advance Purchase

You might get an Advance Purchase Discount if you buy a policy before the renewal date. Insurance companies might give discounts if you give them seven to 10 days' notice before you switch to their company.

Purchasing and Payment

Some insurance companies offer discounts if you pay for the full year of insurance in one payment, sign up for electronic billing, or are a new customer.

Multiple Policies

Insurance companies might offer a discount if you have your auto and homeowners policies with the same insurance company. This is known as bundling.

Discounts Specific to You and Your Policy

Discounts vary by insurance company. Some are not available in all states.

Claim Free

Insurance companies might offer a discount if you haven't filed any claims or haven't filed a claim for a certain number of years. Ask your insurance company if they offer this discount.

Prior Insurance

The prior insurance discount is for new policyholders. It's based on the number of years in a row that you had a policy with your previous insurance company.

Being Married or Widowed

Your insurance company may offer a discount if you're married or widowed. Ask your agent or insurance company about this discount.

Retirement Discount

Some insurance companies offer a discount to retired people. They tend to spend more time at home and will know about fires, water leaks, or burglaries at their homes.

Non-smoker Discount

Smoking at home may increase your fire risk, so some insurance companies offer a non-smoker discount.

Group Memberships

Military

Some insurance companies offer a discount to active, retired, reserve, and honorably discharged members of the military (and often their family members). Ask your agent or insurance company if they offer this discount.

Associations

Some insurance companies offer a discount if you're a member of an organization, such as an alumni or professional association or a union.

Occupation

Some insurance companies offer a discount to people with certain jobs, such as first responders, teachers, and nurses.

Loyalty (5-10 years or more)

Some insurance companies offer discounts if you:

- Renew your policy for a certain number of years
- No longer live with your parents, but buy a policy from the same insurance company

Replacement Cost

If you insure your home for 100% of the cost to replace it, you might be eligible for a discount.

Discounts Relating to Your Home

Age of Home

If your home is less than 10 years old, insurance companies may offer you a discount.

Construction Type

If your home is built from brick, stucco, metal, or concrete, you might be eligible for a discount.

New or Renovated Home Discount

If you bought a new or renovated home with upgraded electrical or plumbing, you may be eligible for a discount.

Roof Age Discount

Some insurance companies give a discount based on the age of your roof. If your home has a newer roof, or an impact-resistant roof, you might get a discount.

Accredited Builder Discount

If your home's builder is on the insurance company's "accredited builder" list, you might be eligible for a discount. This discount will probably only last for five years after your home is built.

Homeowners Association (HOA)

Some insurance companies offer a discount if you live in a neighborhood with an HOA.

Living in a Gated Community

Living in a gated community (with or without security patrols) offers an extra level of security and might make you eligible for a discount.

Fire and Safety Protection

Your insurance company may offer a discount if your home has qualifying fire or theft protection. Some of these include:

- Smoke Detectors
- Sprinkler System
- Fire Alarm
- Security Alarm
- Backup Generator
- Smart Technology to Alert You to Fires, Water Leaks, or Burglaries
- Deadbolt Locks

Water Leak Detection

You might get a discount if you have a water leak detector or prevention system. Discounts depend on how advanced the detection system is, so ask your agent or insurance company.

Mitigation Discounts

If you live in an area that has severe weather, your insurance company might give you a discount if you have storm shutters, reinforced doors, shatterproof glass, or other protections.

If you live in an area that is at risk for wildfires, you may get a discount if you take steps to mitigate damage. This includes using concrete or other fire-resistant materials for your home's structure and creating an area around your home that reduces fire risks.

PROJECT HISTORY

Transparency and Readability of Consumer Information (C) Working Group's Regulatory Resources for Consumers on Personal Lines Pricing and Underwriting

1. Description of the project, issues addressed, etc.

The purpose of the *Regulatory Resources for Consumers on Personal Lines Pricing and Underwriting* document is to provide state insurance regulators with information they can use in social media, bulletins, and other means of consumer information for which a department of insurance (DOI) might need to provide information to consumers regarding the pricing, rating, and underwriting of personal lines products.

The resources document includes information regarding both auto insurance and homeowners' insurance.

The auto insurance section includes information regarding how insurers: 1) underwrite; 2) rate risk; and 3) determine premiums for auto insurance products. The rating factors addressed in the document include: 1) how a vehicle is used; 2) an insured's gender and age; 3) the vehicle's location; 4) vehicle-specific factors; and 5) other risk factors. The document also affords information regarding a driver's coverage history, driving habits and history, and the vehicle owners and operators in a household.

The document additionally covers information regarding telematics and usage-based premiums, information regarding credit-based insurance scores, and vehicle-specific factors.

Furthermore, the document identifies information regarding auto insurance premium discounts, including general discounts like: 1) continuous coverage; 2) group memberships; 3) loyalty discounts; and 4) multiple vehicle and multiple policy discounts.

The document further identifies driver-specific discounts, including: 1) being claims-free; 2) taking defensive driving or driver's education courses; 3) good student discounts; 4) mileage discounts; 5) military discounts; 6) being a non-smoker/non-drinker; and 7) using a seat belt. Lastly, the document includes vehicle discounts for various safety devices and anti-theft discounts.

The document's homeowners insurance section discusses how insurers determine a premium using factors related to the homeowner, as well as discount information. General factors include items such as: 1) the homeowner's credit-based insurance score; 2) pets owned by the homeowner; and 3) whether someone in the homeowner's home smokes.

Factors concerning the homeowners policy include: 1) coverage history; 2) the coverage chosen; 3) the deductible chosen; 4) risks a policy covers; and 5) coverages added for valuable items.

Factors about a home's characteristics consist of: 1) the home's age and condition; 2) the home's size; 3) the home's construction and exterior features; 4) the home's custom features; 5) the home's location; and 6) whether there are attractive nuisances on the homeowner's property.

Discounts offered for a homeowners policy include general discounts, such as: 1) the advance purchase of a policy; 2) certain methods of purchasing and paying for insurance; and 3) whether the homeowner has multiple policies.

Discounts to a homeowners policy also include discounts specific to the homeowner and their policy, including: 1) being claims-free; 2) having prior insurance; 3) being married or widowed; 4) retirement discounts; and 5) non-smoker discounts. Homeowners can also get discounts for things like: 1) having a group membership, such as belonging to the military or being a member of an association; 2) the homeowner's occupation; 3) loyalty discounts for having a policy for five to 10 years or more; and 4) insuring a home for replacement cost.

Discounts pertaining to the home may include: 1) the home's age; 2) the construction type; 3) whether the home is new or renovated; 4) roof age; 5) an accredited builder discount; 6) living in a gated community; 7) having qualifying fire or theft protection; 8) having water leak detection; and 9) mitigating the home for damage.

2. Name of group responsible for drafting the model and states participating.

The Transparency and Readability of Consumer Information (C) Working Group of the Property and Casualty Insurance (C) Committee was responsible for drafting the resource document and formed drafting groups to draft it. Participating states included: Alabama, the District of Columbia, Kansas, Maryland, Michigan, North Carolina, and Tennessee.

3. Project authorized by what charge and date first given to the group.

The project was authorized by the charge of the Transparency and Readability of Consumer Information (C) Working Group of the Property and Casualty Insurance (C) Committee to: "Consider drafting regulatory best practices that serve to inform consumers of the reasons for significant increases related to property/casualty (P/C) insurance products." The charge was given to the Working Group in 2021.

4. A general description of the drafting process (e.g., drafted by a subgroup, interested parties, the full group, etc.). Include any parties outside the members that participated.

In March 2021, the Transparency and Readability of Consumer Information (C) Working Group began discussing items to be included in a document meant to provide state insurance regulators with information about pricing, rating, and the underwriting of personal lines products. The document gives the state insurance regulator information that can be used in social media, bulletins, and other means of consumer education.

The Working Group formed drafting groups to work on each section of the document. The drafting groups met monthly to work on drafting the document. Interested parties from the American Property Casualty Insurance Association (APCIA) and the American Automobile Association (AAA) of Missouri also joined these meetings and provided feedback.

5. A general description of the due process (e.g., exposure periods, public hearings, or any other means by which widespread input from industry, consumers, and legislators was solicited).

The drafting groups of the Transparency and Readability of Consumer Information (C) Working Group met regularly, and during its meetings, the Working Group heard comments and discussed suggested revisions from state insurance regulators and interested parties. Following the drafting of the document, the document was exposed on June 9, 2022, for a 14-day public comment period. Once comments were received, in early July, the drafting groups addressed these comments to put back before the Working Group. The changes made were editorial, mainly to increase the readability level. The Working Group adopted the regulatory document on Nov. 15, 2022. The Property and Casualty Insurance (C) Committee adopted the regulatory document during its Dec. 15, 2022, meeting at the 2022 Fall National Meeting.

6. A discussion of the significant issues (items of some controversy raised during the due process and the group's response).

There were no items of controversy raised during the due process.

7. Any other important information (e.g., amending an accreditation standard).

Not applicable.

