



November 23, 2020

The Honorable Raymond G. Farmer
Director of Insurance
South Carolina Department of Insurance
1201 Main Street
Suite 1000
Columbia, SC 29201

Dear Director Farmer,

The insurance industry condemns unlawful discrimination, which is unacceptable and not tolerated in the property-casualty insurance industry. We do not use variables that are a proxy for unlawful discrimination. To the contrary, consumers are benefited, empowered, and protected through insurance risk-based pricing, which is the foundation of our business and competitive and solvent insurance markets. Our associations and insurers are committed to working with the NAIC to advance greater diversity and inclusion in the workforce, boardroom, and supply chain, and to promote policy options that advance affordability, access, and choice in a competitive marketplace -- particularly for those most vulnerable and prone to social inequities.

Earlier this year, the NAIC asked the industry for our commitment to work closely with state regulators in an open and constructive dialogue on how to identify and address racial and social inequities in insurance and to promote diversity and inclusion in our organizations and the marketplace. Our associations and industry leaders pledged to support that effort and have created dedicated and committed CEO-led workstreams to advance those goals with you. Unfortunately, however, NAIC's efforts to create a constructive and respectful dialogue are being severely undermined by activists abusing the NAIC forums to disparage the insurance marketplace and individual companies and leaders through ad hominem attacks of racism, poisoning the dialogue and distracting from the mutual effort to find solutions before it can bear fruit.

Specifically, during a recent conference call of the Special (EX) Committee on Race and Insurance, some consumer representatives made defamatory accusations that insurers: criminalize poverty; perpetuate the pain of unemployment; use new advanced tools to engage in unfair discrimination; and replace eliminated data sources with new ones that replicate the same racially biased outcomes; and they intentionally mischaracterized the industry and trade groups as having cavalier attitudes. Consumer representatives have also aggressively disparaged the industry as trying to stall or even prevent change merely based on the industry's request for deliberate and thoughtful conversation. These types of remarks reflect unfairly on the industry and the individual employees, and yourselves, our regulators, that work every day to serve consumers fairly and are inconsistent with the collaborative tone that we believe regulators would like to have with industry.

The NAIC is a venue that encourages all voices to speak, confident that they will be heard and allowed to engage fully in the process. The NAIC must continue to maintain an atmosphere of constructive dialogue and discourage ad hominem remarks that debase the conversation, undermine open conversation, and distract from the critical discussions that must be had to find meaningful and sustainable solutions. We recognize that these are discussions that can, and often do, engender a strong emotional response and we appreciate the willingness of individuals to share their personal experiences so we can learn from them and act accordingly. However, the conversation and positions from all perspectives can and ought to be expressed in a professional and respectful manner. We hope the NAIC will do its best to encourage and maintain a civil discourse.

Analyzing insurance practices and procedures through the lens of data and in relation to risk will enable regulators and industry to collectively fashion holistic solutions that build upon our long-standing foundation of fairness, while avoiding unintended consequences. Data-driven analysis shows that markets have become more affordable, more responsive to lower income communities, and more competitive with more widely available protection. Data-driven analysis also helps mitigate real or perceived subjective human biases and creates more opportunities for competition benefiting consumers.

Personal auto rates continue to rely primarily on individual driving behaviors. For example, consumers in almost every state now have the option of choosing insurance coverage based on usage-based innovations or traditional rating and underwriting tools. Data-driven tools also provide important opportunities to address highway and teen driving safety through increased awareness of distracted driving and other dangerous habits behind the wheel. This contribution to societal progress can be achieved without compromising the fundamentals of the insurance business.

We agreed with the NAIC leadership's earlier suggestions that these discussions will be difficult; and at times, we may not agree, but we must remain committed to respectful, positive, and constructive discourse. This is an opportunity for regulators and the NAIC to demonstrate how robust and thoughtful collaboration among regulators, legislators, industry, consumers, and diverse community groups can achieve positive outcomes for all stakeholders.

We are committed to working with you on the unprecedented discussions to address racial inequality and promote diversity and hope for a renewed effort to ensure a respectful dialogue that minimizes personal attacks and focuses on solutions.

Sincerely,



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