

South Carolina Department of Insurance

MARK SANFORD
Governor


Division of Financial Services
Office of Actuarial Services
300 Arbor Lake Drive, Suite 1200
Columbia, South Carolina 29223

Mailing Address:
P.O. Box 100105, Columbia, S.C. 29202-3105
Telephone: (803) 737-6230

BULLETIN NUMBER 2004 - 12

(Issued upon October 25, 2004)

To: Property and Casualty Insurers

From: Gwendolyn Fuller McGriff, Deputy Director 

Subject: Credit Scoring and Underwriting for Property and Casualty Insurance

This is the third bulletin regarding implementation of Act 290. There will be future bulletins dealing with provisions of the legislation regarding insurance modeling and other issues. The purpose of this bulletin is to provide information to insurers regarding credit scoring provisions.

Act 290 provides in new sections 38-73-225 and 38-73-425 language regarding credit scoring as follows: *“Absence of credit information may be used by an insurer for underwriting purposes only if the insurer presents information satisfactory to the Director that the absence is related to the risk.”*

In Bulletin 2004-09, it was stated insurers that use absence of credit score information for underwriting purposes must file an underwriting guide with the Department providing support for such action. Is the underwriting guide subject to prior approval?

The absence of a credit score cannot be used as an underwriting factor unless approved by the Department. In general, insurers do not use the absence of credit scoring in the underwriting process but instead will use other criteria in underwriting when no credit score is available. If the insurer follows this general procedure, then no filing is needed.

The contact person for this bulletin is:

Dean Kruger

E-mail: dkruger@doi.state.sc.us

Phone: 803-737-5774

Fax: 803-737-6233