

The information contained in your credit report can have a major influence over many parts of your life, including your insurance rates.

That is why New Mexico passed the Personal Insurance Credit Information Act, effective January 1, 2006, to help protect consumers' and insurers' use of credit.

This brochure answers common questions about credit information and how it relates to personal insurance, and explains the safeguards in place to protect consumers like you.

The information contained in this brochure is meant to serve as a general guideline only. If you have any questions about your policy, please contact the NMPRC, your insurer, or your agent directly.



Where can I find more information?

New Mexico Public Regulation Commission

<http://www.nmprc.state.nm.us>

The NMPRC protects consumers and regulates the insurance industry. (800) 663-9782

Federal Trade Commission (FTC) www.ftc.gov

Visit the FTC's website for information on credit and your rights under the Fair Credit Reporting Act (FCRA) and the Fair and Accurate Credit Transaction Act (FACT Act), or call 202-326-2222.

New Mexico Insurance Council (NMIC)

www.rmiaa.org

NMIC, an affiliate of the Rocky Mountain Insurance Information Association (RMIIA), is a coalition of organizations and companies committed to educating and informing consumers on New Mexico auto, homeowners, and business insurance topics.

To request a free credit report from Equifax, Experian, or TransUnion, call 1-877-322-8228 or visit www.annualcreditreport.com.

Other helpful websites containing insight about credit information:

Independent Insurance Agents of New Mexico

www.iianm.org

American Insurance Association

www.aiadc.org

Property Casualty Insurers Association of America

www.pciaa.net

Fair Isaac and Corporation

www.fairisaac.com

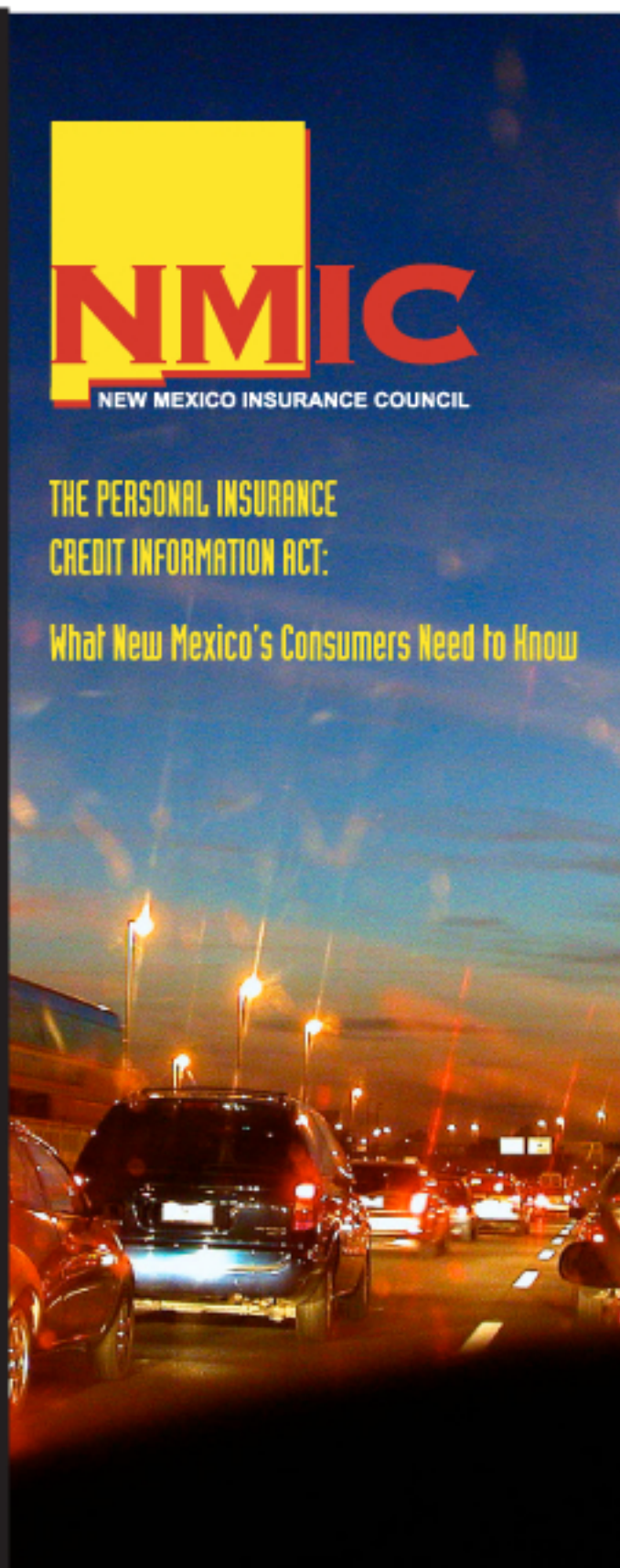
ChoicePoint

www.choicepoint.com



THE PERSONAL INSURANCE CREDIT INFORMATION ACT:

What New Mexico's Consumers Need to Know



Have you ever
applied for
a loan or
a credit card?

Rented an
apartment
or obtained
utility service?

If so, you know
your credit
history is
very important.

Q: What is the PICIA?

A: The PICIA, Personal Insurance Credit Information Act, effective January 1, 2006, requires insurance companies to limit the use of credit information when selling, rating or renewing auto or homeowner insurance. It also provides strong protections for New Mexico consumers.

Q: Is credit information the only factor used to determine my insurance premium?

A: No. Other factors that may be used are prior insurance, age, driving record, marital status, vehicle type and age, where the vehicle is garaged, proximity of your home to a firehouse, and the number of cars on a policy, just to name a few.

Q: Can insurance companies use credit history as the only factor to deny or cancel coverage?

A: No. People who pose a higher risk may receive a higher rate. Insurers also recognize that people have control over their credit-based insurance score and over time, can improve it. After a policy has been in effect for a certain amount of time, companies that use credit information at renewal typically reorder credit information on the customer. If their credit-based insurance score improves, they will receive a better rate.

Q: How do insurers deal with errors in credit reports?

A: Consumers have many rights under PICIA and Federal law relating to their credit report. If you have been denied insurance or had a premium increased because of credit information and you believe an item on your credit report is inaccurate, you may notify the credit bureau(s) to re-verify the information. After the investigation is complete, the insurer will typically order your credit report and re-compute the premium.

Q: What steps have been taken by insurers to help protect my privacy?

A: Insurers have processes and procedures in place to protect your privacy and are required by federal law to annually notify customers of how they protect that information. Access to credit information is restricted and insurers take extra steps to make sure any customer-related information is protected.

Q: How are New Mexicans protected by this new law?

A: There are many consumer safeguards built into this new law, including:

- Insurers that use credit information must disclose this fact to consumers at the time of application;
- Insurers cannot deny, cancel or fail to renew coverage based only on credit information;
- If a consumer does not have a credit history, or if an insurer is unable to determine a credit-based insurance score, the insurer is required to give that consumer an average or better than average rate or calculate a premium for that consumer without using credit information;
- Insurers that use credit information must take into account the effect on a consumer's credit of any "extraordinary life circumstance," including: an acute or chronic medical condition, illness, injury or disease; divorce; the death of a spouse, child, or parent; involuntary loss of employment for more than three consecutive months; identity theft; total or loss that makes a home uninhabitable; and other circumstances prescribed by the New Mexico Insurance Division;
- If an insurer denies, cancels, increases a consumer's premium, or decreases a consumer's coverage or amount of insurance based on the consumer's credit information, the insurer is required to send what's called an "adverse action" notice explaining the reasons for their action as well as the insurer's exceptions and procedures for "extraordinary life circumstances";
- Insurers cannot use a credit-based insurance score to deny, restrict or alter the fees charged for a premium payment plan;
- Insurers cannot use income, gender, address, race, color, national origin, religion or marital status of the consumer as a factor when determining a credit-based insurance score; and,
- If an insurer uses credit information upon renewal of a consumer's policy, a consumer may request the insurer obtain current credit information and recalculate the credit-based insurance score.

