



CHUBB GROUP OF INSURANCE COMPANIES

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June 18, 2008

Mr. Donald S. Clark, Esq.
Office of the Secretary
Federal Trade Commission
Room H-135 (Annex C)
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Re: Credit-based Insurance Score – Homeowners Insurance – P044804

Dear Secretary Clark:

We write in response to the Federal Trade Commission's (FTC's) request for public comment on its draft model Order to File a Special Report issued pursuant to its Resolution Directing the Use of Compulsory Process to Study the Effects of Credit Score and Credit-Based Insurance Scores Under Section 215 of the FACT Act.

The FTC has stated its intent to serve a finalized compulsory process Order pursuant to Section 6(b) of the FTC Act and FACTA, after expiration of the public comment period, on nine firms that represent roughly 60 percent of the homeowners' insurance market by premium volume. Unfortunately, it is our understanding that the FTC has not taken into consideration the fact that some of the nine firms selected for this compulsory process do not use credit or credit-based insurance scores for homeowners' insurance. Furthermore, we believe that premium volume is not the appropriate measurement for the FTC to use to decide which companies are subject to this compulsory process.

As one of the companies that does not currently employ the use of credit or credit-based insurance scores for homeowners' insurance, Chubb strongly urges the FTC to reconsider its inclusion of such companies for the reasons listed below.

- (1) The FTC's authority under Section 215 of the Fair and Accurate Credit Transaction Act of 2003 is limited to conducting a study of the effects of:
 - (i) the "**use** of credit scores" (Sec. 215(a)(1) - emphasis added);
 - (ii) the "**use** of credit scoring models, credit scores, and credit-based insurance scores" (Sec. 215(a)(3) - emphasis added).

The FTC, therefore, does not have authority to require a submission of data from insurers that do not currently use credit scores for homeowners insurance -- i.e., there is no authority for the Commission to study the '**non-use**' of credit scores.

- (2) Insurers that do not employ credit or credit-based insurance scores frequently do not collect the type of data being sought by the FTC, including information such as social security number, date of birth, prior addresses, personal or family income information, marital status, age of head of household, gender, education; employment history, occupation, or retirement status. Thus, collection of data from these companies would only be of marginal utility to the FTC's study.
- (3) Requiring an insurer that does not utilize credit to devote significant resources, incur substantial expense, and risk the data security/privacy of highly sensitive personally-identifiable customer information in order to respond to the very extensive proposed Order would be unduly burdensome -- particularly in light of the marginal utility of any data collected from such insurers. The inclusion of non-users of credit in the study is inconsistent with the FTC's stated desire to "craft an Order in a manner that will maximize its research capability while minimizing any unnecessary burden on insurance firms participating in the study." Furthermore, it will add to the expenses of insurers not using credit, and such expenses ultimately are reflected in the insurance premiums paid by consumers.
- (4) Finally, it appears that the FTC has utilized the criteria of total written premium to develop its list of top nine homeowners' insurers without sufficient consideration of more appropriate alternatives that could enhance the credibility of the study. In particular, ranking insurers by total in-force policy count would potentially provide the FTC with substantially more data and potentially more useful data. Ranking insurers by premium size does not identify the companies writing the largest number of policies. In contrast to ranking insurers by written premium, including the top nine companies as measured by policy count would result in the FTC receiving data for a larger set of policyholders.

For all of the reasons outlined above, we respectfully request that the FTC amend its proposed data collection procedures to (i) exclude companies that do not use credit or credit-based insurance scores for homeowners insurance, and (ii) collect data only from the largest insurance companies as measured by in-force policy count.

Thank you for your time and consideration.

Very truly yours,

Chubb & Son
A division of Federal Insurance Company

Leslie Kaltenbach
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