NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

June 29, 2017

TO: All Insurers and Fraternal Benefit Societies Authorized to Write Life Insurance in New York State (collectively, “Insurers”)

RE: Information Request Pursuant to New York Insurance Law §308: Use of External Consumer Data and Information Sources in Underwriting for Life Insurance

The New York State Department of Financial Services (the “Department”) has become aware that a number of Insurers are using external (i.e., not provided by the consumer) consumer data or information sources in the underwriting for life insurance policies in New York State. This external information may be used to supplement traditional underwriting guidelines or as an alternative to physically invasive underwriting for life insurance as part of an accelerated or algorithmic underwriting program. Examples of such external information include credit scores, purchasing habits, affiliations, home ownership records, and educational attainment.

The Department is investigating these underwriting programs to ensure compliance with all applicable New York State laws and regulations. Insurers are hereby requested pursuant to Insurance Law §308 to provide the following information to the Department by no later than July 25, 2017:

1. Does your company offer an accelerated or algorithmic underwriting program? An accelerated or algorithmic underwriting program is defined as any non-medical (i.e., no paramedical exam or not physically invasive) underwriting program or criteria based on external consumer data or information sources, other than an attending physician’s statement, MIB Group, Inc. member information exchange*, motor vehicle report, inspection report or prescription drug database.

2. Does your company use external consumer data or information sources to supplement medical (i.e., paramedical exam or physically invasive) underwriting, other than an attending physician’s statement, MIB Group, Inc. member information exchange*, motor vehicle report, inspection report or prescription drug database?

If your company has answered “NO” to both questions 1 and 2, then none of the remaining questions are relevant. If your company has answered “YES” to either question 1 or 2, please respond to the following:
3. For which products do you use the external data or information sources in questions 1 or 2? Include all form numbers.

4. Are there any limitations on the use of this external data or information sources in making an underwriting determination (i.e., above or below a certain face amount, age ranges, etc.)? And if so, what are the limitations?

5. What specific external data or information about life insurance applicants is being obtained with respect to questions 1 or 2?

6. How exactly is your company using the external data or information about life insurance applicants with respect to questions 1 or 2? If the information is being input into an algorithm or underwriting software, provide a specific breakdown of the program and any weights or scales assigned to any external data or information.

7. How does your company obtain any external data or information used? If it is obtained from an outside vendor, provide the name of the vendor and the specific services provided.

8. How is your company disclosing to the applicant for life insurance what and how external information is being used in underwriting?

9. What process or recourse do you provide for applicants should they receive an adverse underwriting decision as a result of the external data or information with respect to questions 1 or 2?

10. How is any external data or information about life insurance applicants being utilized, stored and destroyed after the completion of the underwriting process? Describe instances in which a policy is and is not ultimately purchased.

Please submit this information via e-mail to ALBLIF@dfs.ny.gov. Please do not hesitate to reach out to me at (212) 480-5027 should you have any questions.

Sincerely,

[Signature]

James V. Regalbuto
Deputy Superintendent for Life Insurance

*This does not exclude other external information services that may be provided by MIB Group, Inc. outside of its member information exchange.*