## STATE OF ARIZONA

Department of Insurance and Financial Institutions
FILED March 12, 2025 by AS

STATE OF ARIZONA

## **DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS**

In the Matter of the Activity of:

No. 25A- 034 -INS

**ORDER** 

LEXISNEXIS RISK SOLUTIONS INC.

1000 Alderman Drive Alpharetta, CA 30005

Respondent

The Arizona Department of Insurance and Financial Institutions ("Department") received evidence that **LexisNexis Risk Solutions Inc.** ("LexisNexis" or "Respondent") engages in advisory organization activities in the State of Arizona without complying with the applicable provisions of Title 20 of Arizona Revised Statutes ("A.R.S."). Accordingly, the Director of the Department ("Director") makes the following Findings of Fact and Conclusions of Law and enters the following Order pursuant to A.R.S. § 20-151.

## FINDINGS OF FACT

- Respondent is a Georgia domiciled corporation registered with Arizona Corporation Commission since February 25, 1975.
- 2. Respondent does not hold any certificate or registration issued by the Department authorizing it to engage in assisting insurers and/or rate service organizations in the making of rates.
- 3. LexisNexis provides technical assistance to insurers, by providing data and models to generate insurance scores used by insurers. LexisNexis has been creating and

78

2

3

4

5

6

9

10

1112

13

14

15

17

16

18

19

20

21

22

10

11

12

13

14

15

16

17

18

19

20

21

22

selling models to Arizona insurers. For example, LexisNexis created and sold a model called Attract Auto 5.0 that is used to determine underwriting eligibility and final rating factors that correlate to the insurance score. The insurance score from the model provides a relative rank order of insureds by relative adjusted loss cost so that higher scores indicate a lower risk of loss (score range of 200 to 997). The insurance score is incorporated into the rating plans of the insurer, with each insurer calibrating the score with other, non-credit rating factors. The model was specifically developed for insurers and utilizing auto insurance related data. In addition, LexisNexis sells various products to insurers which provide data utilized in the underwriting and making of insurance rates. Examples of such products include: LexisNexis CLUE Auto, LexisNexis Driver Discovery, LexisNexis Current Carrier, LexisNexis Home Owners Verification (HOV), VIN-D-Code.

- 4. There are approximately 17 open rate filings where insurers are utilizing LexisNexis' insurance score models and/or data that are used to determine underwriting eligibility and final rating factors that correlate to an insurance score. Some of the open filings include LexisNexis' Attract Auto 5.0 model, and others include previous models sold by LexisNexis.
- 5. Over the years, the Department has repeatedly expressed its position to LexisNexis that their activities require registration in accordance with Arizona law.
- 6. More recently on or about January 10, 2025, Department and Respondent's representatives held a telephonic call during which the Department expressed that Respondent's activities fall within the scope of Title 20 of the A.R.S. and require an advisory organization registration with the Department.

- 7. On or about January 22, 2025, the Department's representative sent an email correspondence to Respondent reiterating that the product Respondent offers to insurers falls within the scope of the Title 20 Advisory Organization definition and that Respondent is required to register with the Department if it wishes to continue advisory organization activities in Arizona.
- 8. In a letter dated February 3, 2025, Respondent stated, in part, that LexisNexis "has been a market leading provider of credit-based insurance scoring services to the property and casualty insurance market. ... LexisNexis is regulated and operates as a consumer reporting agency."

## **CONCLUSIONS OF LAW**

- 9. Respondent's conduct, as alleged above, constitutes assisting two or more insurers or rate service organizations in the making of rates by compiling and furnishing loss or expense statistics or other statistical information and data, or by the submission of recommendations as to rates, forms or supplementary rate information. A.R.S. § 20-381(1).
- 10. Respondent's conduct, as alleged above, constitutes conducting advisory organization operations without filing with the Director: 1. A copy of its constitution, charter, articles of organization, agreement, association or incorporation and a copy of its bylaws and any other rules or regulations governing its activities. 2. A list of its members and subscribers. 3. The name and address of one or more residents of this state upon whom notices, process affecting it or orders of the Director may be served. A.R.S. § 20-390(A).

1 **ORDER** 2 IT IS HEREBY ORDERED THAT: 3 11. Respondent shall immediately cease and desist from assisting insurers or rate service organizations in the making of rates. 4 5 12. Respondent shall obtain an Arizona advisory organization registration if it wishes to assist insurers or rate service organization in the making of rates. 6 7 NOTICE OF OPPORTUNITY FOR HEARING 8 Pursuant to Title 20 of the Arizona Revised Statutes, Respondent is hereby notified 9 that it may request a hearing pursuant to A.R.S. § 20-161 to contest the order to cease and desist. Such a request must be in writing and received at the following address within thirty 10 (30) days from the date hereof: 11 12 Arizona Department of Insurance and Financial Institutions Attn: Alena Caravetta, Regulatory Legal Affairs Officer 13 100 North 15th Avenue, Suite 261 14 Phoenix, Arizona 85007-2630 15 Upon receipt of a timely written request for hearing, the Department will issue an 16 order setting the time and place of the hearing. Effective this \_\_\_\_\_ day of \_\_\_\_\_ March 17 , 2025. 18 Barbara D. Richardson Barbara D. Richardson, Director 19 Arizona Department of Insurance and Financial Institutions 20 21 22

1	COPY of the foregoing electronically delivered this 12th day of March , 2025, to:
2	
3	LexisNexis Risk Solutions Inc. Lauren LaFleur, Corporate Counsel
4	1000 Alderman Drive Alpharetta, CA 30005
5	Lauren.LaFleur@lexisnexisrisk.com Respondent
6	<b>COPY</b> of the foregoing delivered/emailed same date, to:
7	Deian Ousounov, Chief Deputy Director of Finance Gioconda Espinosa, Assistant Director, PFC Division
8	Tom Zuppan, Insurance Analyst Supervisor
9	Allena Caravetta, Regulatory Legal Affairs Officer Ana Starcevic, Project Specialist
10	Arizona Department of Insurance and Financial Institutions 100 North 15th Avenue, Suite 261
11	Phoenix, Arizona 85007-2630
12	Ana Starewic
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	