

**SENATE BILL NO. 55**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Introduced: 2/15/13

Referred: Labor and Commerce

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to actions by insurers based on credit history or insurance score."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 **\* Section 1.** AS 21.36.460(d) is amended to read:

4 (d) An insurer may not

5 (1) fail to renew [OR, AT RENEWAL, AGAIN UNDERWRITE OR  
6 RATE] a personal insurance policy based in whole or in part on a consumer's credit  
7 history or insurance score [; THE PROHIBITION IN THIS PARAGRAPH AGAINST  
8 UNDERWRITING OR RATING A PERSONAL INSURANCE POLICY AT  
9 RENEWAL MAY BE WAIVED BY THE CONSUMER; WAIVER ALLOWED  
10 UNDER THIS PARAGRAPH MUST OCCUR AT EACH RENEWAL];

11 (2) cancel, deny, underwrite, or rate personal insurance coverage based  
12 in whole or in part on

13 (A) the absence of credit history or the inability to determine  
14 the consumer's credit history if the insurer has received accurate and complete  
15 information from the consumer; this subparagraph does not apply if the insurer

1 treats the consumer as if the consumer had neutral credit information as  
2 approved by the director;

3 (B) credit inquiries not initiated by the consumer;

4 (C) credit inquiries relating to insurance coverage if identified  
5 on a consumer's credit report;

6 (D) credit inquiries by the consumer for the consumer's own  
7 credit information;

8 (E) multiple lender inquiries if coded on the consumer's credit  
9 report as being for automobile, boat, recreation vehicle, or home mortgage  
10 loans, unless all inquiries under that code within a 30-day period are counted  
11 as one;

12 (F) credit history or an insurance score based on collection  
13 accounts identified with a medical industry code;

14 (G) the consumer's use of a particular type of credit card,  
15 charge card, or debit card or the absence of a credit card;

16 (H) the consumer's total available line of credit; however, the  
17 consumer's ratio of debt to total available line of credit may be considered;

18 (I) the age of the most recent automobile or home loan obtained  
19 by the consumer; however, an insurer may consider the bill payment history or  
20 total number of loans; or

21 (J) the person's age when credit is established;

22 (3) use the credit history of the consumer when the consumer is  
23 adversely affected by a joint account owner who was the spouse of the consumer or a  
24 joint account owner who is the spouse of the consumer and who is a party to a divorce  
25 or dissolution action against the consumer; this paragraph applies only if the consumer  
26 provides written notice to the insurer that identifies the credit information that is  
27 adversely affected by the joint account owner; this paragraph does not prevent the use  
28 of credit history that is not identified by the consumer as required by this paragraph;

29 (4) use an insurance score that is calculated using the income, age, sex,  
30 address, zip code, census block, ethnic group, religion, marital status, or nationality of  
31 the consumer as a factor;

1 (5) use credit history to determine an insurance score if the history is  
2 obtained more than 90 days before the policy is issued;

3 (6) use an insurance score derived from an insurance scoring model to  
4 determine eligibility for an insurance payment plan; this paragraph does not prohibit  
5 the use of credit history to evaluate the ability of the consumer to make payments.

6 \* **Sec. 2.** AS 21.36.460(i)(1) is amended to read:

7 (1) "adverse action" has the meaning given in 15 U.S.C. 1681 et seq.  
8 (Fair Credit Reporting Act) and includes

9 (A) cancellation, denial, or failure to renew personal insurance  
10 coverage;

11 (B) charging a higher insurance premium for personal  
12 insurance than would have been offered if [THE] credit history or insurance  
13 score had **not** been **considered** [MORE FAVORABLE, WHETHER THE  
14 CHARGE IS BY

15 (i) APPLICATION OF A RATING RULE;

16 (ii) ASSIGNMENT TO A RATING TIER THAT  
17 DOES NOT HAVE THE LOWEST AVAILABLE RATES; OR

18 (iii) PLACEMENT WITH AN AFFILIATE  
19 COMPANY THAT DOES NOT OFFER THE LOWEST RATES  
20 AVAILABLE TO THE CONSUMER WITHIN THE AFFILIATE  
21 GROUP OF INSURANCE COMPANIES]; or

22 (C) **a** [ANY] reduction or adverse or unfavorable change in the  
23 terms of coverage or amount of personal insurance due to a consumer's credit  
24 history or insurance score [; A REDUCTION OR ADVERSE OR  
25 UNFAVORABLE CHANGE IN THE TERMS OF COVERAGE OCCURS  
26 WHEN

27 (i) COVERAGE PROVIDED TO THE CONSUMER  
28 IS NOT AS BROAD IN SCOPE AS COVERAGE REQUESTED BY  
29 THE CONSUMER BUT AVAILABLE TO OTHER INSURED OF  
30 THE INSURER OR ANY AFFILIATE; OR

31 (ii) THE CONSUMER IS NOT ELIGIBLE FOR

1 BENEFITS THAT ARE AVAILABLE THROUGH AFFILIATE  
2 INSURERS];