

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;

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

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

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

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

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

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

(i) APPLICATION OF A RATING RULE;

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

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

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

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

(ii) THE CONSUMER IS NOT ELIGIBLE FOR

1 BENEFITS THAT ARE AVAILABLE THROUGH AFFILIATE
2 INSURERS];