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Governor Bill Walker
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March 22, 2017

The Honorable Bryce Edgmon
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Edgmon:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to an insurer's use of a consumer's credit history or insurance score upon renewal of an insurance policy.

This bill makes changes to the Alaska Insurance Code to allow an insurer to use a consumer's credit history or insurance score for policy renewals. Under the current law, an insurer cannot use a consumer's credit history or insurance score when renewing a policy, unless the consumer affirmatively waives the prohibition on the use of credit history at renewal.

Last year a similar bill came to my desk which I vetoed, due to the lack of adequate protections for Alaskan consumers. While this bill is similar in concept, it adds the protections I found lacking in last year's legislation. If passed, this legislation would give an insurer the ability to take into consideration a consumer's credit history or insurance score at the time of renewal. However, there are many consumer protections that have been added.

This bill requires insurers to provide written notification to consumers if their insurance rate will be negatively affected due to their credit score. In the notification to the consumer, the insurer must provide information regarding extraordinary life circumstance exceptions and instruct the consumer regarding how to request an exception. In addition to the specific circumstances listed, this legislation adds language allowing consumers who feel their life circumstances warrant an exception, to request one in writing, even if it is not specifically listed on the insurer's list of exceptions.

This legislation further protects consumers by establishing an appeal process for consumers who believe their requests for an extraordinary life circumstance exception have been wrongfully denied by an insurer. The appeal process designates the State's Division Director of Insurance as the final decision maker on consumer appeals under the extraordinary life circumstances and requires a decision be made within 30 days after receipt of the appeal. The appeal process included in this

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legislation implements safeguards for consumers by ensuring the final decision does not rest with the insurer and requires timely action so as not to adversely affect the consumer.

Additionally, this bill adds provisions stating that an insurer may not fail to renew a policy based on a consumer's lack of credit history and prohibits the use of a credit score that is more than 90 days old. Furthermore, this bill would require insurers that use a consumer's credit history to underwrite or rate a policy to re-underwrite or re-rate a policy no later than every 24 months, allowing consumers to reap the benefits of an improved credit score.

This bill clarifies that the definition of an "adverse action" is limited to the definition under the Fair Credit Reporting Act.

I urge your prompt and favorable action on this measure.

Sincerely,



Bill Walker
Governor

Enclosure