

HB 1821 -- Insurance

Sponsor or Co-Sponsors: Smith; Hunter

Same as or similar to: Year:

Emergency Clause: or Effective Date of:

Use Summary For: Version:, Year:,

Verbatim:

Modify above as follows:

New summary as follows: This bill limits the way in which insurers may use credit information in their underwriting process, and establishes several restrictions and prohibitions on the improper termination of insurance coverage.

CREDIT SCORING

The bill:

(1) Establishes minimum standards for the collection and use of credit information in the insurance underwriting process, and requires insurers to provide their standards in written form to the Department and to apply those standards uniformly to all applicants and insureds;

(2) Requires insurers to file with the Department any documentation necessary to explain the formulae and methodology used by the insurer to incorporate credit information into their

underwriting processes;

(3) Authorizes the Department to collect data regarding the correlation between credit rating and losses;

(4) Permits the Department to review denials of insurance that are alleged to be in violation of the bill; and

(5) Allows insureds to request reevaluation of their insurance rating whenever an insurer uses credit information in its underwriting process.

IMPROPER TERMINATION

The bill:

(1) Requires that insurance policies include the insurer's termination provisions;

(2) Prohibits insurers from terminating a policy because of race, color, creed, national origin, ancestry, gender, sexual orientation or marital status;

(3) Prohibits insurers from terminating a policy because of age, disability or geographic location, unless the action is the

result of the application of sound underwriting and actuarial principles;

(4) Prohibits insurers from canceling a policy because of the insured's "intentional concealment of facts" after 180 days or one policy period;

(5) Requires insurers to provide a full year's notice to the Department of their intent to withdraw an entire line of insurance from the market;

(6) Requires insurers to provide 10, 30 or 45 days notice prior to the cancellation of a policy, depending on the how long the policy has been in effect and the reasons for cancellation;

(7) Require 45 days prior notice for non-renewal of a policy;

(8) Requires refunds to be made on a pro-rata basis when an insurer cancels a policy, unless the policy states otherwise;

(9) Establishes a procedure for appealing to the Department an improper termination of coverage. The bill requires an insured to file a written appeal with the Department at least 25 days before the effective date of the termination of coverage. The Department can order that coverage be continued, pending a

hearing and resolution of the appeal;

(10) Allows the Department to fine insurers up to \$250,000 for conscious disregard of the law prohibiting improper termination of an insurance policy.