HB 920 -- Use of Credit Scores by Insurance Companies

Sponsor: Walton Gray

This bill changes the laws regarding the use of credit information when underwriting insurance contracts. In its main provisions, the bill:

(1) Revises the definition of "adverse action" to have the same meaning as in the federal Fair Credit Reporting Act including cancellation, denial, and nonrenewal of personal insurance coverage and creating any reduction or adverse or unfavorable change in the terms of coverage, including charging higher premiums due to a person's credit history or insurance credit score;

(2) Revises the definition of "contract" as any insurance policy issued in this state other than a policy of mortgage insurance or commercial insurance;

(3) Prohibits an insurer from taking an adverse action against a new applicant based on an inability to calculate an insurance score in underwriting or rating personal insurance without consideration of another noncredit-related underwriting factor or based on information that is the subject of a written dispute between the applicant and a consumer reporting agency; and

(4) Prohibits an insurer from using a credit report or insurance credit score as a factor in underwriting or taking any adverse action based on a credit report or insurance credit score against a person currently insured under an existing insurance contract with the insurer.

The provisions of the bill apply to contracts entered into or renewed on or after January 1, 2012.