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An Act To Restrict the Use of Credit Scoring for Insurance Purposes

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 24-A MRS §2169-B, sub-§2, as enacted by PL 2003, c. 223, §1, is amended to read:

2. Use of consumer reports. Notwithstanding this subsection, an insurer may use a consumer report as permitted under the Fair Credit Reporting Act pursuant to Title 10, chapter 210 and 15 United States Code, Chapter 41. An insurer may use information obtained from a consumer reporting agency to calculate an insurance score for underwriting and rating purposes, except that an insurer may not:

- A. Use an insurance score that is calculated using income, gender, address, zip code, ethnic group, religion, marital status or nationality of a consumer as a factor;
- B. ~~Deny, cancel or refuse to renew a policy of personal insurance solely on the basis of credit information without consideration of any other applicable underwriting factor independent of credit information and not expressly prohibited by paragraph A~~ based in whole or in part on a person's credit information;
- C. Base an insured's renewal rates for personal insurance solely upon credit information, including an insured's total available line of credit, without consideration of any other applicable factor independent of credit information;
- D. Take an adverse action against a consumer solely because that consumer does not have a credit card account, without consideration of any other applicable factor independent of credit information;
- E. Consider an absence of credit information, the number of inquiries or an inability to calculate an insurance score in underwriting or rating personal insurance unless the insurer has demonstrated to the superintendent that an absence of credit information, the number of inquiries or an inability to calculate an insurance score is a relevant factor to the risk underwritten or rated by the insurer and the insurer applies this factor in a manner approved by the superintendent; ~~or~~
- F. Take an adverse action against a consumer based on credit information unless an insurer obtains and uses a credit report issued or an insurance score calculated within 90 days before the date the policy is first written or renewal is issued; ~~or~~
- G. Consider more than one inquiry from a lender regarding residential mortgage loans or automobile loans made within 30 days of one another.

Sec. 2. 24-A MRS §2169-B, sub-§4-A is enacted to read:

4-A. Notice of insurance score. In addition to the notices required in subsections 3 and 4, if an insurer uses credit information to calculate an insurance score for underwriting and rating purposes in accordance with this section, the insurer shall disclose to the insured on the declarations page of the policy

that the insured is paying either a higher or lower premium based upon the insured's insurance score. The insurer shall also disclose the insurance score calculated by the insurer to the insured. An insurer may demonstrate compliance with this subsection by using the following example disclosure statement: "You are paying a higher (or lower) premium for this policy based upon your credit-based insurance score of"

Sec. 3. 24-A MRS §2169-B, sub-§5, as enacted by PL 2003, c. 223, §1, is repealed.

Sec. 4. 24-A MRS §2169-B, sub-§5-A is enacted to read:

5-A. Dispute resolution; rescoring . The following provisions apply.

A. If it is determined through the dispute resolution process set forth in Title 10, section 1317 or 15 United States Code, Section 1681i(a)(5) that the credit information of a current insured was incorrect or incomplete and if the insurer receives notice of such determination from either the consumer reporting agency or from the insured, the insurer shall reunderwrite and rerate the consumer within 30 days of receiving the notice. After reunderwriting or rerating the insured, the insurer shall make any adjustments necessary, consistent with its underwriting and rating guidelines. If an insurer determines that the insured has overpaid the premium, the insurer shall refund to the insured the amount of overpayment calculated back to the last 12 months of coverage or the actual policy period, whichever is shorter.

B. In addition to the requirements of paragraph A, an insurer that uses insurance scores to underwrite or rate risks shall, upon request of the insured, but no more often than once every 12 months:

(1) Obtain an updated credit report and recalculate the insurance score; and

(2) Reunderwrite and rerate the insured within 30 days of the request.

After reunderwriting and rerating the insured, the insurer shall make any adjustments necessary, consistent with its underwriting and rating guidelines, on the effective date of the renewal of the policy.

SUMMARY

This bill prohibits insurers from denying, canceling or refusing to renew personal insurance in whole or in part on the basis of an insured's credit information. The bill also prohibits insurers from considering more than one credit inquiry from mortgage or automobile lenders for inquiries made within 30 days of one another.

The bill requires insurers that use credit reports and credit scores in insurance underwriting to obtain an updated credit report to recalculate an insured's insurance score and to reunderwrite and rerate the insured. The bill requires insurers to act upon the request of the insured within 30 days of the request,

but does not require an insurer to do so more than once every 12 months. The bill provides that any adjustments in the policy premium be made at the time of renewal.

The bill also requires insurers that use credit scores to disclose to insureds that the insured's premium is either higher or lower based upon the insured's credit-based insurance score and notify the insured of that insurance score.